



# BANK OF FINLAND

*Monthly Bulletin*

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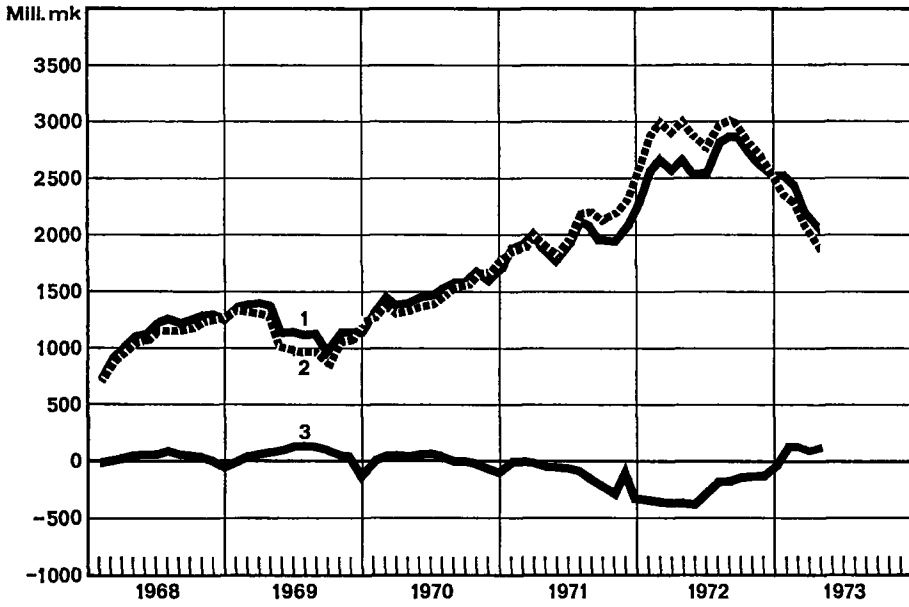
**Supplementary budget**

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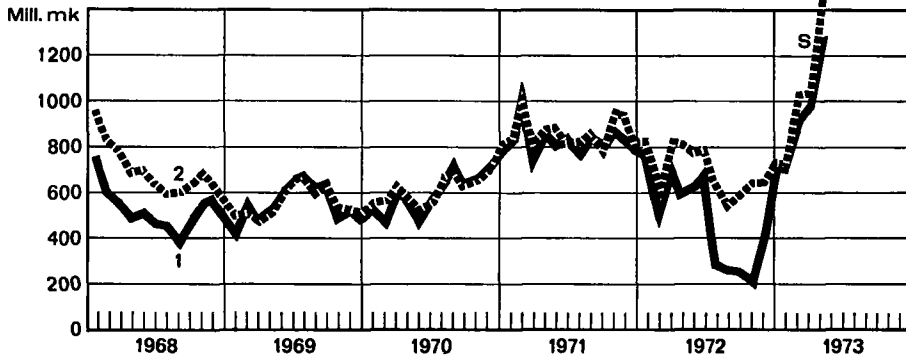
**JUNE 1973**

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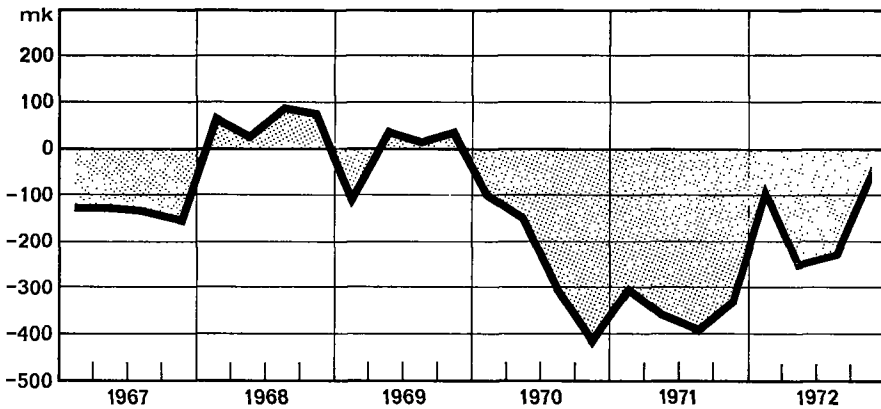
Bank of Finland foreign exchange reserve, 1968 - 1973



Bank of Finland's position in regard to the banks, 1968 - 1973



Balance of payments current account surplus / deficit, 1967 - 1972



# AGREEMENT ON CO-OPERATION BETWEEN FINLAND AND THE CMEA

On May 16, 1973, Finland became the first market economy country to sign an agreement on co-operation with the Council for Mutual Economic Assistance (CMEA — also referred to as COMECON). The aim of the agreement is to develop multilateral economic, scientific and technical co-operation between Finland and the member countries of the CMEA. It is intended that co-operation will take place in various fields which are of special interest to Finland and the CMEA countries, i.e., industry, science and technology. The agreement may be described as a general accord which provides a framework for concluding more detailed agreements on co-operation in various economic fields.

The agreement itself is a relatively concise document, including an introduction and nine articles. The rules for the Joint Commission which is to be set up are incorporated into this document, and the functions and powers of the Joint Commission are also specified. In addition, the parties are bound to ensure that the information which the Joint Commission needs for carrying out its functions will be available.

The purpose of the Joint Commission is to implement the measures designed to further co-operation. For this reason it will systematically investigate the prospects for promoting multilateral economic, scientific and technical co-operation. The Finnish members of the Joint Commission are appointed by the President of the Republic of Finland, and the members from the CMEA countries are appointed by the authorities in the respective countries. The Joint Commission is to make

recommendations to the governments of both Finland and of the CMEA countries on matters concerning economic, scientific and technical co-operation. The Commission is given the power to decide only procedural and technical matters. Substantive recommendations of the Joint Commission are to come into force only with the consent of the Republic of Finland and the interested CMEA member countries, and the recommendations are not to apply to the member countries which are not concerned with the particular matter. However, each member country of the CMEA may subsequently accept the recommendations made.

This agreement shares many features with earlier treaties on the development of economic, technical and industrial co-operation between Finland and most of the socialist countries. (For a discussion of the treaty with the Soviet Union see Bulletin 6/1971.) Although Finland and the CMEA cannot sign direct agreements between themselves, recommendations made by the Joint Commission may lead to the conclusion of contracts concerning industrial co-operation between individual establishments in the signatory countries.

At this stage, it is not yet possible to assess the significance of the CMEA Agreement. What is perhaps most important at present is that it guarantees the availability of information. The existence of the permanent Joint Commission ensures the exchange of information between the CMEA countries and Finland. The compilation of information and the ensuing investigations will probably lead to concrete joint projects in the future. In Finland, the signing of the CMEA Agreement was

preceded by about two years of research and investigation and this should be regarded as only laying the ground for further in-depth study. So far, the main emphasis has centred on gathering information in certain areas,

which are of interest for Finland. These areas include statistics, standardization, foreign trade, banking, mechanical engineering, metallurgy, the chemical industry and transportation.

May 29, 1973

## BANK OF FINLAND

Mill. mk

	1972		1973			
	May 31	Dec. 29	May 8	May 15	May 23	May 31
<b>Assets</b>						
Gold and other foreign assets	3 136	2 912	2 371	2 447	2 537	2 512
Gold	205	205	205	205	205	205
Special drawing rights	283	283	283	283	285	285
IMF gold tranche	268	268	268	268	268	268
Foreign exchange	2 185	1 929	1 391	1 463	1 536	1 522
Foreign bills	115	110	102	106	121	110
Foreign bonds	80	117	122	122	122	122
Claims on domestic banks	803	758	2 395	2 571	1 624	1 364
Discounted bills	796	752	2 394	2 562	1 580	1 363
Rediscounted bills	1	1	1	1	1	1
Cheque accounts	6	5	—	8	43	—
Other lending	316	316	331	328	333	338
Inland bills discounted						
In foreign currency	—	—	—	—	—	—
In Finnish marks	79	44	45	42	46	47
Loans	237	272	286	286	287	291
Other assets	615	607	954	952	688	633
Finnish bonds	39	47	387	387	121	62
Finnish coin	29	25	30	30	32	35
Currency subscription to Finland's quota						
in the IMF	530	530	530	530	530	530
Other claims	17	5	7	5	5	6
<b>Total</b>	<b>4 870</b>	<b>4 593</b>	<b>6 051</b>	<b>6 298</b>	<b>5 182</b>	<b>4 847</b>
<b>Liabilities</b>						
Notes in circulation	1 450	1 730	2 064	2 247	1 911	1 795
Liabilities payable on demand	490	136	405	366	98	170
Foreign exchange accounts	340	78	30	30	34	38
Mark accounts of holders abroad	30	43	47	45	47	52
Cheque accounts						
Treasury	32	1	47	47	0	41
Post Office Bank	74	2	251	191	2	22
Private banks	—	—	4	—	—	4
Other	3	1	4	4	2	2
Other sight liabilities	11	11	22	49	13	11
Term liabilities	1 056	899	1 719	1 819	1 309	1 018
Foreign	—	—	—	—	—	—
Domestic	1 056	899	1 719	1 819	1 309	1 018
IMF mark accounts	530	530	530	530	530	530
Allocations of special drawing rights	258	258	258	258	258	258
Equalization accounts	334	286	299	301	298	297
Bank's own funds	752	754	776	777	778	779
Capital	600	600	600	600	600	600
Reserve fund	74	74	114	114	114	114
Profits undisposed	42	—	40	40	40	40
Earnings less expenses (Dec. 31, Net profit)	36	80	22	23	24	25
<b>Total</b>	<b>4 870</b>	<b>4 593</b>	<b>6 051</b>	<b>6 298</b>	<b>5 182</b>	<b>4 847</b>

## BANK OF FINLAND

Mill. mk

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
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
1971	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1972	2 685	121	2 564	757	530	2 791	— 2	1	— 3
1972									
April	3 079	372	2 707	707	530	2 884	— 3	37	— 40
May	2 941	370	2 571	725	530	2 766	— 3	32	— 35
June	2 865	282	2 583	732	530	2 785	— 3	36	— 39
July	3 028	181	2 847	748	530	3 065	— 3	35	— 38
Aug.	3 073	175	2 898	743	530	3 111	— 3	43	— 46
Sept.	3 034	137	2 897	741	530	3 108	— 2	48	— 50
Oct.	2 881	134	2 747	742	530	2 959	— 2	43	— 45
Nov.	2 791	146	2 645	740	530	2 855	— 2	47	— 49
Dec.	2 685	121	2 564	757	530	2 791	— 2	1	— 3
1973									
Jan.	2 629	70	2 559	748	530	2 777	— 2	43	— 45
Feb.	2 530	70	2 460	740	530	2 670	— 2	47	— 49
March	2 287	75	2 212	737	530	2 419	— 2	41	— 43
April	2 177	73	2 104	752	530	2 326	— 2	46	— 48
May	2 280	90	2 190	762	530	2 422	— 1	41	— 42

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1972			Net holdings, April 30, 1973			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Apr.	Jan.-Apr.
	Gold	205	—	205	205	—	205	—
Special drawing rights	283	—	283	283	—	283	—	—
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 814	463	2 277	1 196	217	1 413	—239	—864
Other currencies	— 6	— 3	— 9	152	— 4	148	+ 39	+157
Total	2 564	460	3 024	2 104	213	2 317	—200	—707

## BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks						Other				
	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)	Notes in circulation
				Private banks <sup>2</sup>	Post Office Bank <sup>2</sup>						
1	2	3	4	5	6	7	8	9	10	11	
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
1971	848	1	—	9	2	838	121	234	908	-553	1 479
1972	752	1	5	—	2	756	44	277	909	-588	1 730
1972											
April	807	1	5	—	207	606	85	249	1 087	-753	1 451
May	796	1	6	—	74	729	79	254	1 067	-734	1 450
June	860	1	—	6	154	701	67	261	1 096	-768	1 555
July	616	1	19	—	347	289	63	256	1 072	-753	1 513
Aug.	488	1	5	—	249	245	63	256	1 057	-738	1 474
Sept.	661	1	15	—	388	289	63	248	977	-666	1 557
Oct.	753	1	29	—	507	276	65	262	949	-622	1 507
Nov.	787	1	17	—	312	493	57	265	937	-615	1 556
Dec.	752	1	5	—	2	756	44	277	909	-588	1 730
1973											
Jan.	621	1	9	—	18	613	40	273	911	-598	1 497
Feb.	828	1	56	—	162	723	40	275	900	-585	1 521
March	986	1	17	—	16	988	41	291	891	-559	1 562
April	2 036	1	—	3	768	1 266	43	293	1 033	-697	1 937
May	1 363	1	—	4	22	1 338	47	297	1 030	-686	1 795

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

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

May 29, 1973

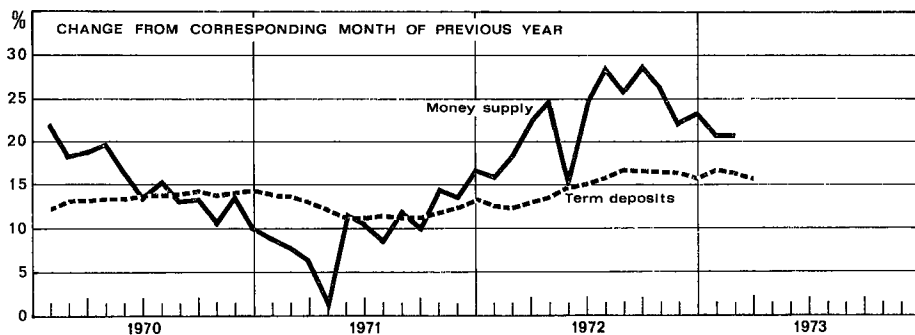
New York <sup>1</sup>	1 \$	3.850	Frankfurt o. M.	100 DM	140.10	Vienna	100 S	19.26
Montreal	1 \$	3.860	Amsterdam	100 Fl	135.00	Lisbon	100 Esc	15.80
London	1 £	9.810	Brussels <sup>2</sup>	100 Fr		Reykjavik	100 Kr	4.30
Stockholm	100 Kr	88.35	Zurich	100 Fr	123.75	Madrid	100 Pta	6.80
Oslo	100 Kr	67.40	Paris <sup>3</sup>	100 FF		Moscow <sup>5</sup>	1 Rbl	5.241
Copenhagen	100 Kr	63.80	Rome <sup>4</sup>	100 Lit				

<sup>1</sup> As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.<sup>2</sup> 9.910 commercial rate; 9.920 financial rate.<sup>3</sup> 87.20 commercial rate; 87.25 financial rate.<sup>4</sup> 0.6545 commercial rate; 0.6500 financial rate.<sup>5</sup> Clearing account: also Bucharest.

# DEPOSITS BY THE PUBLIC

Mill. mk

End of year and month	Sight deposits			Term deposits						Total (2+3+9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970	1 142.7	1 507.7	603.3	6 098.7	4 846.9	3 458.4	1 287.6	574.2	16 265.8	18 376.8
1971	1 343.2	1 733.5	754.4	6 961.4	5 446.4	3 876.6	1 491.4	642.3	18 418.1	20 906.0
1972*	1 851.2	2 371.9	979.2	8 095.8	6 232.1	4 499.2	1 805.6	720.0	21 352.7	24 703.8
1972*										
Feb.	1 456.3	1 820.1	772.5	7 021.9	5 540.5	4 008.4	1 548.9	658.5	18 778.2	21 370.8
March	1 421.2	1 767.8	782.6	7 052.8	5 572.5	4 040.8	1 566.2	663.4	18 895.7	21 446.1
April	1 374.8	1 714.7	798.0	7 112.5	5 611.9	4 080.0	1 577.5	670.2	19 052.1	21 564.8
May	1 497.3	1 882.8	763.6	7 206.3	5 662.4	4 133.3	1 586.1	674.5	19 262.6	21 909.0
June	1 542.5	1 927.3	850.0	7 236.5	5 675.7	4 106.5	1 599.3	674.5	19 292.5	22 069.8
July	1 655.1	2 046.3	779.9	7 341.4	5 728.4	4 150.2	1 619.5	677.1	19 516.6	22 342.8
Aug.	1 637.3	2 078.4	793.6	7 418.0	5 813.8	4 218.5	1 634.3	678.4	19 763.0	22 635.0
Sept.	1 568.9	2 009.4	852.1	7 491.7	5 882.5	4 270.0	1 669.2	695.4	20 008.8	22 870.3
Oct.	1 735.6	2 181.9	793.0	7 567.4	5 934.6	4 311.5	1 693.8	697.2	20 204.5	23 179.4
Nov.	1 689.1	2 140.7	797.0	7 658.3	6 018.3	4 396.2	1 727.8	700.9	20 501.5	23 439.2
Dec.	1 851.2	2 371.9	979.2	8 095.8	6 232.1	4 499.2	1 805.6	720.0	21 352.7	24 703.8
1973*										
Jan.	1 849.2	2 315.5	944.6	8 190.6	6 327.8	4 583.8	1 839.0	729.6	21 670.8	24 930.9
Feb.	1 796.9	2 261.8	1 047.7	8 221.3	6 399.2	4 655.8	1 866.7	737.5	21 880.5	25 190.0
March	1 649.4	2 132.3	989.5	8 197.1	6 412.9	4 672.2	1 869.7	742.3	21 894.2	25 016.0

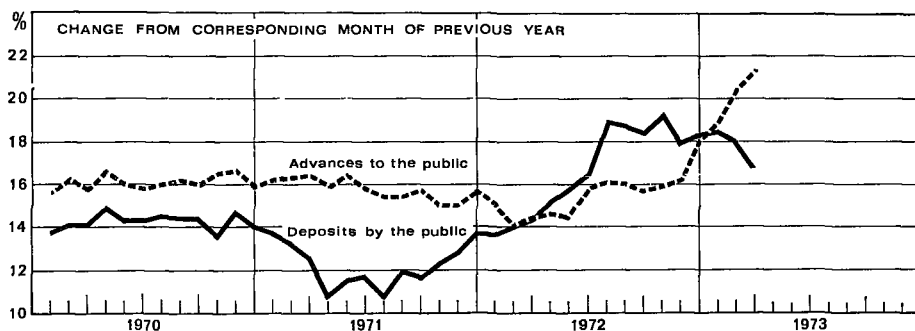




# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commercial banks	Savings banks	Co-op. banks	Post Office Bank	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1966	5 205.4	2 951.4	2 261.0	779.6	908.8	11 618.1	488.1	12 106.2	2 181
1967	5 558.9	3 247.7	2 424.3	864.9	1 026.9	12 583.8	538.9	13 122.7	2 146
1968	5 865.5	3 448.4	2 600.5	927.9	1 053.0	13 392.0	503.3	13 895.3	2 642
1969	6 892.2	3 802.8	2 922.1	1 039.8	1 290.4	15 354.4	592.9	15 947.3	3 126
1970	7 963.5	4 342.1	3 403.8	1 341.9	1 454.0	17 814.9	690.4	18 505.3	3 445
1971	9 233.7	4 795.6	3 834.0	1 746.6	1 799.1	20 639.8	769.2	21 409.0	4 025
1972*	10 667.3	5 505.6	4 482.2	2 244.8	2 374.4	24 475.0	799.3	25 274.3	4 974
1972*									
Feb.	9 283.7	4 874.0	3 895.8	1 813.6	1 795.0	20 903.2	758.9	21 662.1	3 930
March	9 417.3	4 912.2	3 941.0	1 838.6	1 831.1	21 144.3	795.9	21 940.2	3 950
April	9 583.6	4 954.0	3 976.1	1 879.5	1 869.7	21 432.3	830.6	22 262.9	3 964
May	9 671.5	5 011.3	4 034.2	1 918.8	1 908.3	21 725.5	818.6	22 544.1	4 018
June	9 887.3	5 052.3	4 074.7	1 943.4	1 975.1	22 074.8	858.0	22 932.8	4 275
July	9 867.9	5 101.2	4 124.7	1 963.3	2 086.5	22 332.1	811.5	23 143.6	4 247
Aug.	9 865.5	5 167.3	4 187.4	2 022.3	2 103.7	22 540.1	806.1	23 346.2	4 268
Sept.	10 038.7	5 253.3	4 269.7	2 095.4	2 135.6	22 957.3	835.4	23 792.7	4 408
Oct.	10 214.8	5 335.2	4 357.3	2 087.0	2 171.6	23 370.8	795.1	24 165.9	4 422
Nov.	10 386.3	5 429.3	4 417.6	2 107.8	2 229.2	23 758.6	811.6	24 570.2	4 418
Dec.	10 667.3	5 505.6	4 482.2	2 244.8	2 374.4	24 475.0	799.3	25 274.3	4 974
1973*									
Jan.	10 788.6	5 590.5	4 525.4	2 344.4	2 438.0	24 878.1	808.8	25 686.9	4 627
Feb.	11 007.4	5 659.5	4 593.6	2 399.7	2 446.4	25 249.9	856.7	26 106.6	4 757
March	11 284.3	5 732.6	4 626.6	2 538.3	2 450.7	25 699.4	933.1	26 632.5	4 644



## STATE FINANCES

Mill. mk

Revenue	Jan.—March		Expenditure	Jan.—March	
	1972	1973		1972	1973
Income and property tax (net)	1 230	1 566	Wages, salaries, pensions etc.	543	611
Gross receipts	(2 439)	(2 963)	Repair and maintenance	57	65
Refunds & local authorities	(—1 209)	(—1 397)	Other consumption expenditure	272	300
Other taxes on income and property	24	30	Total consumption expenditure	872	976
Employers' child allowance payments	101	115	State aid to local authorities	499	625
Sales tax	852	954	State aid to industries	383	375
Revenue from Alcohol Monopoly	180	220	of which: agric. price subsidies	(291)	(278)
Customs duties & import charges	79	134	Child allowances	93	91
Counter-cyclical tax	2	—	Share in national pensions and health insurance	58	57
Excise duty on tobacco	109	87	Other transfer expenditure	390	429
»  »  on liquid fuel	169	180	Total transfer expenditure	1 423	1 577
Other excise duties	67	72	Machinery and equipment	129	109
Tax on autom. and motor cycles	74	138	House construction	65	83
Stamp duties	68	85	Land and waterway construction	206	275
Special diesel etc. vehicles tax	17	11	Total real investment	400	467
Other taxes and similar revenue <sup>1</sup>	67	85	Interest on State debt	83	95
Total taxes	3 039	3 677	Index compensations	12	12
Miscellaneous revenue	344	263	Net deficit of State enterprises	23	40
Interest, dividends etc.	49	40	Other expenditure	3	3
Sales and depreciation of property	—	—	Total other expenditure	121	150
Redemptions of loans granted	35	37	Increase in inventories	+4	+10
<b>Total revenue</b>	<b>3 467</b>	<b>4 017</b>	Lending	179	271
Foreign borrowing	4	6	Other financial investment	52	34
Domestic borrowing	178	159	<b>Total expenditure</b>	<b>3 051</b>	<b>3 485</b>
<b>Total borrowing</b>	<b>182</b>	<b>165</b>	Redemption of foreign loans	38	36
<b>Deficit (+) or surplus (—)</b>	<b>(—365)</b>	<b>(—369)</b>	Redemption of domestic loans	195	292
			<b>Total redemptions</b>	<b>233</b>	<b>328</b>
			<b>Total</b>	<b>3 284</b>	<b>3 813</b>

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

State debt	1969	1970	1971	1972	1973		
	Dec.	Dec.	Dec.	Dec.	Jan.	Feb.	Mar.
<b>Foreign debt</b>	1 656	1 557	1 524	1 517	1 519	1 532	1 496
Loans	2 316	2 437	2 467	2 268	2 190	2 201	2 178
Compensatory obligations	4	3	2	2	2	2	1
Short-term credit	158	46	61	56	54	50	50
Cash debt (net)	—217	—284	—528	—488	—592	—518	—508
<b>Domestic debt</b>	<b>2 261</b>	<b>2 202</b>	<b>2 002</b>	<b>1 838</b>	<b>1 654</b>	<b>1 735</b>	<b>1 721</b>
<b>Total State debt</b>	<b>3 917</b>	<b>3 759</b>	<b>3 526</b>	<b>3 355</b>	<b>3 173</b>	<b>3 267</b>	<b>3 217</b>
Total debt, mill \$	933	900	849	804	760	813	831

# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1967	5 231	5 794	- 563
1968	6 874	6 711	+ 163
1969	8 345	8 505	- 160
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972*	12 082	13 107	-1 025

1972*			
May	892	1 080	-188
June	1 123	1 116	+ 7
July	993	1 100	-107
Aug.	832	999	-167
Sept.	1 171	1 092	+ 79
Oct.	1 019	1 215	-196
Nov.	1 135	1 257	-122
Dec.	1 175	1 207	- 32

1973*			
Jan.	1 074	1 391	-317
Feb.	1 079	1 104	- 25
March	1 167	1 384	-217

Jan.-Mar.			
1972*	2 885	2 948	- 63
1973*	3 320	3 879	-559

Indices of exports and imports 1962 = 100

Period	Indices of exports and imports 1962 = 100				Terms of trade
	Volume		Unit value		
	Exports	Imports	Exports	Imports	
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106
1971	171	190	164	157	104
1972*	197	196	174	170	102

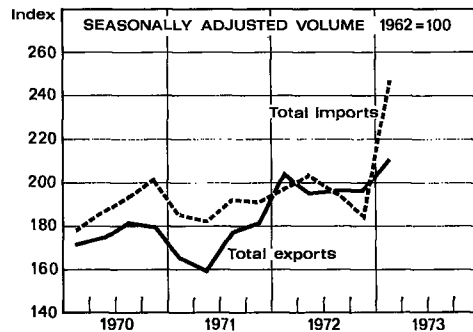
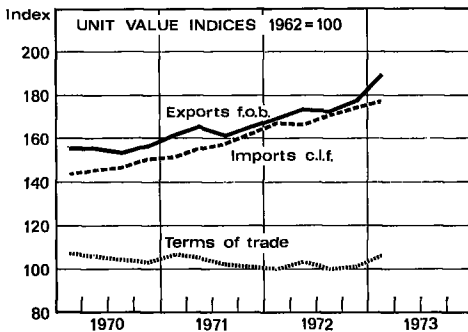
1970					
Oct.-Dec.	193	228	157	151	104

1971					
Jan.-Mar.	152	169	162	152	107
Apr.-June	157	182	166	156	106
July-Sept.	176	184	162	158	103
Oct.-Dec.	198	223	166	163	102

1972					
Jan.-Mar.	192	179	170	167	102
Apr.-June	187	200	174	167	104
July-Sept.	197	190	173	171	101
Oct.-Dec.	212	215	178	175	102

1973 <sup>1</sup>					
Jan.-Mar.	197	222	190	178	107

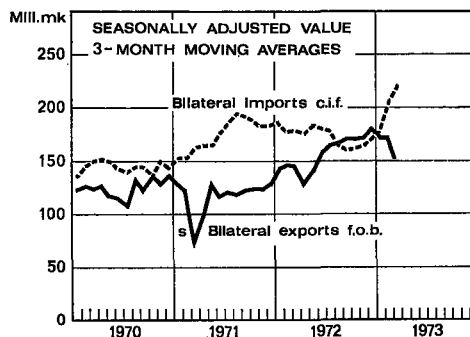
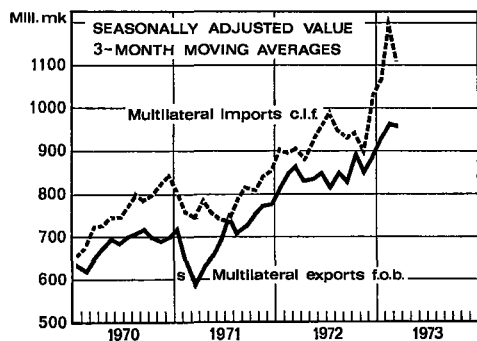
<sup>1</sup> The 1973 figures have been calculated by converting the final 1972 Fisher index with the percentage change in the 1973-1972 Laspeyres index.



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f. o. b.						Imports, c. i. f.			
	Agri- cultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, en- gineering industry products	Other goods	Raw materials and pro- ducer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1967	261	54	866	2 384	1 081	585	2 546	668	1 463	1 117
1968	327	56	1 158	2 994	1 566	773	3 023	874	1 525	1 289
1969	360	72	1 400	3 374	2 012	1 127	3 693	949	2 229	1 634
1970	426	88	1 544	3 789	2 437	1 403	4 918	1 243	2 906	2 004
1971	547	89	1 653	3 721	2 323	1 564	4 639	1 557	3 427	2 111
1972*	633	55	1 824	4 253	3 245	2 072	5 238	1 627	3 585	2 657
1972*										
May	65	4	128	269	274	152	419	125	319	217
June	48	5	153	371	375	171	463	157	291	205
July	46	9	173	363	267	135	400	188	312	200
Aug.	30	4	145	319	172	162	413	144	241	201
Sept.	55	7	199	420	248	242	451	143	269	229
Oct.	45	4	170	343	257	200	480	167	309	259
Nov.	41	8	189	380	310	207	508	162	313	274
Dec.	71	3	186	438	281	196	523	139	303	242
1973*										
Jan.	89	6	175	359	279	166	556	164	364	307
Feb.	24	6	159	398	308	184	444	86	311	263
March	83	3	166	424	271	220	532	101	415	336
Jan.-Mar.										
1972*	199	8	362	1 040	826	450	1 185	297	864	602
1973*	196	15	500	1 181	858	570	1 532	351	1 090	906



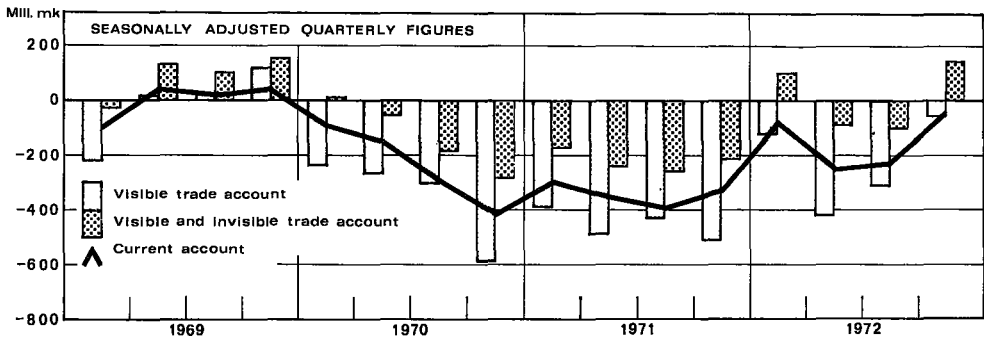
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—March				January—March			
	1972*		1973*		1972*		1973*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	72.3	2 087	71.3	2 368	75.9	2 237	75.7	2 935
Austria	0.9	25	1.1	38	1.5	43	1.7	68
Belgium-Luxembourg	1.6	46	1.7	56	1.8	54	2.2	85
Denmark	3.6	105	4.5	148	3.1	91	3.9	152
France	3.9	114	4.3	143	4.9	143	3.2	126
Federal Republic of Germany	9.7	281	10.6	352	19.5	574	18.4	712
Italy	1.8	52	1.7	57	2.1	63	2.0	76
Netherlands	3.5	101	4.1	137	3.9	116	3.6	141
Norway	2.9	85	2.9	96	2.5	73	2.4	95
Portugal	0.2	6	0.3	10	0.6	18	0.9	35
Spain	1.0	28	1.1	38	0.5	14	0.7	26
Sweden	19.9	574	15.7	521	18.8	554	20.3	786
Switzerland	2.4	68	2.5	83	3.4	101	3.2	125
United Kingdom	18.0	518	19.2	637	13.0	383	12.6	487
Other	2.9	84	1.6	52	0.3	10	0.6	21
<b>OECD countries outside Europe</b>	7.4	213	6.3	210	6.5	191	7.0	273
Canada	1.2	34	0.5	16	0.3	8	0.3	10
Japan	0.3	10	0.6	21	1.6	46	2.6	103
United States	5.9	169	5.2	173	4.6	137	4.1	160
<b>Eastern Bloc</b>	13.4	386	13.7	455	14.3	423	13.1	506
Czechoslovakia	0.5	13	0.3	11	0.5	14	0.5	19
Democratic Republic of Germany	0.4	12	0.6	21	0.5	16	0.6	22
People's Republic of China	0.2	6	0.4	12	0.1	4	0.3	12
Poland	0.8	22	2.0	65	0.6	18	1.3	48
Soviet Union	10.8	313	9.5	316	11.3	332	9.3	361
Other	0.7	20	0.9	30	1.3	39	1.1	44
<b>Latin America</b>	1.7	50	2.0	65	1.9	55	1.4	55
Argentina	0.3	9	0.5	14	0.1	2	0.0	1
Brazil	0.6	18	0.8	27	0.6	17	0.4	16
Colombia	0.1	4	0.1	3	0.7	22	0.6	24
Other	0.7	19	0.6	21	0.5	14	0.4	14
<b>Other</b>	5.2	149	6.7	222	1.4	42	2.8	110
<b>GRAND TOTAL</b>	100.0	2 885	100.0	3 320	100.0	2 948	100.0	3 879
of which								
<b>EFTA countries</b>	26.4	761	22.8	756	26.9	792	28.7	1 112
<b>EEC countries</b>	43.0	1 241	46.7	1 552	48.3	1 425	46.3	1 795
<b>OECD countries</b>	79.7	2 300	77.6	2 578	82.4	2 428	82.7	3 208

# 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
1970	9 634	11 099	-1 465	+716	+142	+17	-590	-397	-18	-1 005
1971	9 845	11 762	-1 917	+660	+247	+66	-944	-477	-1	-1 422
1972*	12 012	13 145	-1 133	+736	+336	+56	-5	-600	-24	-629
<b>Jan.-Mar</b>										
1970 <sup>f</sup>	2 074	2 309	-235	+192	-9	-3	-55	-86	-11	-152
1971 <sup>f</sup>	2 168	2 536	-368	+208	-13	+19	-154	-135	-1	-290
1972	2 870	2 960	-90	+217	+3	+1	+131	-142	-22	-33
<b>Apr.-June</b>										
1970 <sup>f</sup>	2 429	2 721	-292	+180	+10	+0	-102	-96	+1	-197
1971 <sup>f</sup>	2 291	2 797	-506	+141	+47	+21	-297	-118	-1	-416
1972	2 856	3 298	-442	+162	+57	+46	-177	-155	-8	-340
<b>July-Sept.</b>										
1970 <sup>f</sup>	2 469	2 690	-221	+180	+109	-4	+64	-110	-1	-47
1971 <sup>f</sup>	2 501	2 864	-363	+159	+166	+16	-22	-119	-4	-145
1972	2 978	3 195	-217	+170	+191	+19	+163	-140	+20	+43
<b>Oct.-Dec.</b>										
1970 <sup>f</sup>	2 662	3 379	-717	+164	+32	+24	-497	-105	-7	-609
1971 <sup>f</sup>	2 885	3 565	-680	+152	+47	+10	-471	-105	+5	-571
1972*	3 308	3 692	-384	+187	+85	-10	-122	-163	-14	-299

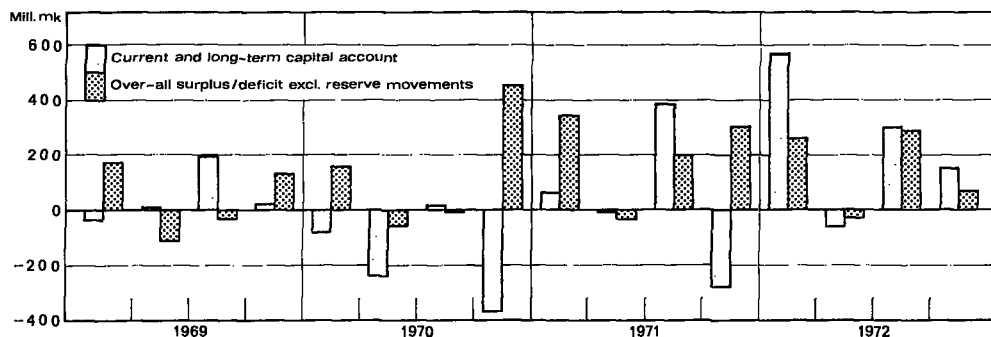


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, 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
+1 479	-694	-253	-202	+330	-675	+751	+237	+232 <sup>2</sup>	+545	-563	+ 18
+2 730	-855	-208	- 85	+1 582	+160	+387	+197	+ 62 <sup>2</sup>	+806	-555	-251
+3 014	-1 011	-376	- 81	+1 546	+917	+111	-113	-324 <sup>2</sup>	+591	-271	-320
+ 278	-158	- 51	+ 1	+ 70	- 82	- 9	+225	+ 23	+157	-240	+ 83
+ 609	-228	- 5	-17	+359	+ 69	+ 21	+329	- 77	+342	-314	- 28
+ 968	-273	-115	+17	+597	+564	-152	- 27	-124 <sup>2</sup>	+261	-327	+ 66
+ 220	-191	- 69	- 4	- 44	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 596	-201	- 11	-30	+354	- 62	-140	+146	+ 19	- 37	+ 99	- 62
+ 655	-180	-192	- 5	+278	- 62	+ 92	+ 25	- 84	- 29	+ 37	- 8
+ 359	-175	- 60	-58	+ 66	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 869	-252	- 89	+ 5	+533	+388	- 60	+ 21	-150	+199	- 35	-164
+ 628	-327	- 41	-25	+235	+278	+265	-124	-131	+288	-314	+ 26
+ 622	-170	- 73	-141	+238	-371	+531	- 35	+332	+457	-121	-336
+ 656	-174	-103	- 43	+336	-235	+566	-299	+270	+302	-305	+ 3
+ 763	-231	- 28	- 68	+436	+137	- 94	+ 13	+ 15	+ 71	+333	-404

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

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

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



# PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- ery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1970	297	300	286	299	317	290	329	290	283	138	146	126
1971	312	315	302	309	361	304	346	295	303	149	162	134
1972	338	342	325	330	400	334	370	318	332	161	182	141
1972												
Aug.	340	344	325	329	401	338	372	319	334	164	187	142
Sept.	343	347	328	334	402	340	375	324	337	164	187	144
Oct.	346	350	334	339	406	341	379	328	339	165	187	144
Nov.	352	356	335	347	406	344	393	333	340	165	187	145
Dec.	356	361	339	351	408	350	396	338	344	166	187	147
1973												
Jan.	363	365	352	356	413	359	401	345	352	168	190	147
Feb.	367	370	357	361	413	364	403	351	356	169	190	149
March	372	374	365	367	429	365	405	358	362	171	190	152
April	374	376	369	369	430	367	403	362	365	175	191	160

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
1970	223	175	115	116	115	109	115	121	115	113	113	115
1971	237	186	122	121	119	112	125	141	119	125	119	125
1972	254	199	131	133	125	118	131	147	126	135	128	135
1972												
Aug.	257	202	133	135	126	119	132	146	127	137	129	138
Sept.	259	203	133	137	126	121	132	146	128	137	129	138
Oct.	260	204	134	137	126	121	134	146	128	138	129	139
Nov.	262	205	135	138	126	122	134	147	129	138	130	140
Dec.	262	206	135	139	127	122	135	149	130	139	130	140
1973												
Jan.	265	208	136	140	130	124	135	149	131	141	131	141
Feb.	267	210	138	141	131	126	136	151	132	142	132	142
March	269	211	139	142	132	126	137	153	133	142	133	143
April	272	214	140	143	137	127	140	155	135	143	136	145



## 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							
1970	181	170	170	164	161	165	164	157	169	164
1971	210	195	195	180	176	178	188	171	195	185
1972*	253	222	220	195	191	193	211	187	220	205
1971										
July-Sept.	210	199	200	180	178	178	192	171	200	188
Oct.-Dec.	219	205	207	185	181	184	196	177	204	192
1972*										
Jan.-Mar.	236	207	206	186	182	185	197	177	205	193
Apr.-June	251	225	219	196	193	194	214	189	223	208
July-Sept.	255	226	226	198	196	196	218	190	228	212
Oct.-Dec.	271	228	228	199	196	197	218	191	226	211
1973*										
Jan.-Mar.	285	231	228	202	199	199	220	194	229	213

## PRODUCTION

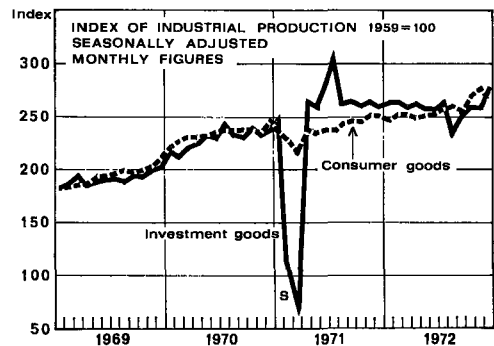
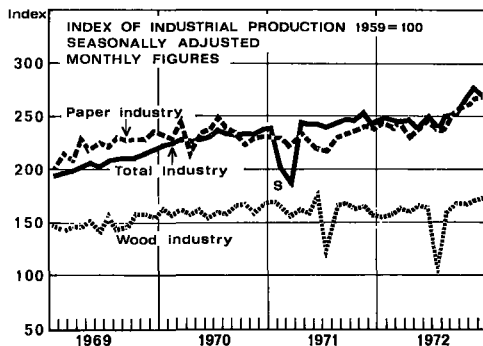
Volume indices of production 1964 = 100

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
1969	123	138	97	102	123	104	124	123	123	123	127
1970	132	154	96	111	141	98	132	132	129	128	134
1971*	136	158	97	106	138	97	134	140	135	134	140
1972*	144	173	94	95	147	102	144	154	142	139	147
1972*											
Jan.-Mar.	140	179	59	132	106	101	132	145	141	138	146
Apr.-June	141	168	83	108	137	105	146	148	141	138	147
July-Sept.	143	154	175	51	170	101	148	151	142	139	147
Oct.-Dec.	150	191	57	90	175	100	150	171	145	141	149
1973*											
Jan.-Mar.	149	194	52	146	109	103	142	155	146	143	153

# PRODUCTION

Index of industrial production 1959 = 100

Period	Special indices of manufacturing										Total, adjusted for seasonal variations
	Total	Investment goods	Other producer goods	Consumer goods	Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1968	182	175	191	164	163	132	202	253	240	177	181
1969	207	194	214	196	173	151	223	285	281	199	207
1970	232	230	223	235	182	164	234	336	341	233	232
1971*	238	235	229	241	192	164	231	363	360	231	238
1972*	258	261	245	261	202	164	248	389	372	259	255
1971*											
Sept.	256	283	244	258	192	170	241	374	378	278	248
Oct.	264	288	256	257	229	173	250	375	394	282	248
Nov.	269	289	260	264	234	166	251	389	370	283	256
Dec.	251	274	242	250	188	159	223	375	305	272	245
1972*											
Jan.	257	286	246	249	171	164	256	418	308	277	249
Feb.	258	280	245	257	175	171	245	402	321	273	248
March	277	295	261	280	190	188	262	423	372	287	245
April	254	270	236	265	183	180	218	386	349	267	248
May	259	271	242	271	213	191	231	394	350	270	250
June	244	247	226	262	207	164	220	371	340	250	251
July	180	144	178	178	183	91	235	238	325	139	240
Aug.	254	233	234	283	217	138	247	325	421	236	251
Sept.	262	267	249	265	195	168	261	369	425	266	254
Oct.	290	292	279	286	256	182	278	443	441	289	271
Nov.	292	284	281	292	244	172	278	450	433	287	278
Dec.	268	265	263	250	190	165	249	449	382	274	273



# 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
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	118
1970	2 194	2 153	41	1.9	39 267	114	130	125
1971	2 199	2 150	49	2.2	36 238	118	137	122
1972*	2 206	2 149	57	2.6	31 441	128	151	132
1972*								
May	2 192	2 141	51	2.3	2 842	123	152	130
June	2 355	2 303	52	2.2	1 854	133	149	144
July	2 359	2 305	54	2.3	768	126	132	127
Aug.	2 276	2 225	51	2.2	1 185	129	159	136
Sept.	2 198	2 153	45	2.0	1 637	130	157	137
Oct.	2 194	2 148	46	2.1	2 092	134	164	143
Nov.	2 190	2 142	50	2.3	2 367	134	169	147
Dec.	2 187	2 132	55	2.5	3 328	177	173	138
1973 <sup>1</sup>								
Jan.	2 127	2 055	72	3.4	3 257	116	140	141
Feb.	2 116	2 047	69	3.3	3 529	117	153	..

<sup>1</sup> See explanations on page 18.

## CONSTRUCTION OF BUILDINGS

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											
1970	41.42	17.96	3.72	15.56	2.36	38.55	16.41	4.29	12.59	3.35	36.56
1971*	42.63	19.54	3.10	15.18	2.60	37.35	15.79	3.16	13.88	2.91	37.64
1972*	47.73	20.56	3.08	17.04	4.28	39.72	18.02	2.81	14.13	2.96	39.29
1971*											
Oct.-Dec.	9.62	4.48	0.38	3.49	0.80	13.02	5.47	1.16	5.20	0.76	37.64
1972*											
Jan.-Mar.	7.31	2.73	0.55	3.20	0.48	7.75	3.16	0.33	3.34	0.73	34.34
Apr.-June	13.52	6.22	1.55	3.91	0.85	8.02	4.08	0.35	2.56	0.65	38.57
July-Sept.	13.44	6.11	0.55	4.89	1.17	9.90	4.49	0.83	3.18	0.75	40.93
Oct.-Dec.	13.46	5.50	0.43	4.88	1.78	13.32	5.94	1.26	4.83	0.77	39.29

# 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 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

Figures for deposits and advances are supplied by the Central Statistical Office.

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

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

## 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 6.8, 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 — CONSTRUCTION OF BUILDINGS

Page 17. *Labour* figures supplied by the Central Statistical Office. As of the beginning of 1973, the figures for the labour force, the employed labour force and the rate of unemployment are not fully comparable to the previous figures. The sample population used in the Labour Force Sample Survey was changed to accord with the data provided by the demographic forecast made in 1973. In January 1973, the labour force was estimated to be about 30 000 persons smaller, and the seasonally unadjusted rate of unemployment about 0.1 percentage point lower, than the corresponding figures derived with the aid of the former sample population.

*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. *Construction of buildings* figures calculated by the Central Statistical Office.

## SYMBOLS USED

- Preliminary
- r Revised
- 0 Less than half the final digit shown
- .
- .. Logically impossible
- .. Not available
- Nil
- S affected by strike

# SOME PARTICULARS ABOUT FINLAND

## FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1978, 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 1972 were as follows: Social Democrats 55, People's Democrats 37, Centre Party 35, Conservatives 34, Finnish People's Unification Party 13, Swedish Party 10, Liberal Party 7, Finnish Farmers' Party 5 and Christian League 4.

## INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1956, IDA 1960, EFTA 1961, ADB 1966 and OECD 1969.

## LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4 %. Of the land area (1970) 2.7 mill. ha (9.6 %) are cultivated and 19.1 mill. ha (68.4 %) are covered by forests.

OWNERSHIP OF LAND (1970): The total land area was distributed among different classes of owners approximately as follows: private 60.7 %, State 29.4 %, joint stock companies etc. 8.0 %, municipalities and parishes 1.9 %.

## POPULATION

NUMBER OF INHABITANTS (1971): 4.6 million. Sweden 8.1, Switzerland 6.3, Denmark 5.0 and Norway 3.9 million.

DENSITY OF POPULATION (1971): In South Finland 44.2 in East and Central Finland 14.2, in North Finland 3.9 and in the whole country an average of 15.2 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1971): 52 % of the population inhabit the rural areas, 48 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 519 900 inhabitants, Tampere (Tammerfors) 159 600, Turku (Åbo) 159 900.

EMPLOYMENT (1971): Agriculture and forestry 21 %, industry and construction 36 %, commerce 15 %, transport and communications 7 %, services 21 %.

LANGUAGE (1970): Finnish speaking 93.2 %, Swedish speaking 6.6 %, others 0.2 %.

EDUCATION (1971): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 10 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1971): births 13.3 ‰, deaths 9.9 ‰, change + 3.3 ‰, net emigration 0.0 ‰. Deaths in France 10.7 ‰ and Great Britain 11.6 ‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1972, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 3 225 (7 %),

forestry and fishing 2 721 (6 %), manufacturing 15 147 (31 %), construction 4 703 (10 %), transport and communication 4 750 (10 %), commerce, banking and insurance 6 174 (13 %), public administration 2 191 (4 %), ownership of dwellings 2 538 (5 %), services 6 891 (14 %), total 48 340. Index of real domestic product 143 (1964 = 100).

FOREST RESOURCES (1971). The growing stock comprised 1 448 million of solid cu. m incl. bark (51 135 million cu.ft), of which pine 44 % and spruce 37 %, the remaining 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 17 386 million cu. ft, 48 % of them pine, was up to the standard required for logs. The annual growth is 47.6 million solid cu. m green wood excl. bark (1 681 mill. cu. ft). The total removal calculated according to the use of wood was 48.4 million cu. m excl. bark (1 709 million cu. ft).

AGRICULTURE (1971): Cultivated land 2.7 million hectares. Number of holdings 297 257, of which 188 461 are of more than 5 ha. Measure of self-sufficiency in bread cereals 97 % in the crop year 1970/71 and 115 % in 1971/72.

INDUSTRY (1970): Gross value of industrial production 35 577 mill. marks, number of workers 502 981, salaried employees 103 449, motive power (1970) 5.1 mill. kW. Index of industrial production 238 for 1971 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1973): Length 5 887 km.

MERCHANT FLEET (March 31, 1973): Steamers 33 (39 200 gross reg. tons), motor vessels 392 (768 600 gross reg. tons), tankers 59 (755 300 gross reg. tons), sailing vessels with auxiliary engines 3 (500 gross reg. tons). Total 487 (1 563 600 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1972): Passenger cars 818 000, lorries and vans 116 100, buses 8 400, others 5 400. Total 947 900.

FINNISH AIRLINES (March 31, 1973): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6s, 8 Super Caravelles 8 DC-9s and 5 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 25 airports and to 18 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 1928. 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 marka). 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). Since Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar has been applied.

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, 1972). There are two big and five small commercial banks with in all 837 offices, 302 savings banks, 406 co-operative banks, six mortgage banks, and Post Office Bank. The co-operative stores accept deposits from their members. The National Pension Institute and fifty-nine private insurance companies also grant credits.

RATES OF INTEREST (Jan. 1, 1972). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland for discounts and rediscounts of commercial banks) is 7 3/4 %. The range of rates for other credits granted by the Bank of Finland is between 6 and 9 %. Other credit institutions: term deposits 4 1/4 %, 6 month deposits 4 3/4 %, 12 month deposits 5 1/4 %, 24 month deposits 6 1/4 %; highest lending rate 11 %.

# THE EDUCATIONAL SYSTEM IN FINLAND

by Timo Lahti, M.Pol.Sc.

Ministry of Education

## FRAMEWORK

In Finland each child is legally obliged to attend school for eight years. This obligation can be fulfilled in two different ways: the pupil may either attend a primary school for six years and then a so-called civic school for at least two years or he may first attend primary school for four years and complete his lower education in a five-year junior secondary school. Because the present parallel system does not provide sufficient options for those in the civic school stream, a new system based on nine years of general education in comprehensive schools is being instituted, and the reform should be completed by 1977.

After completing his education on the comprehensive school level, the pupil may choose between a senior secondary school and a vocational school. The senior secondary school course takes three years and is mainly intended to provide the education needed to undertake university studies. Vocational education is differentiated by occupation. Vocational schools and colleges are mainly meant for students who have completed the civic or junior secondary school course. However, a great number of students with senior secondary school education also attend vocational colleges. The training at these colleges generally takes from two to four years. Up until now people with only vocational education have not found it easy to continue studying at university. The influence of the parallel system is thus also reflected in secondary education.

There are 17 universities or university-level institutions in Finland, four of which were founded quite recently. Some of the seventeen are universities, in which a number of disciplines

are represented, and some are institutions which specialize in fields such as technology and economics.

Institutions providing education for adults form an essential part of the Finnish educational system. They include adult education centres, which provide general education, and vocational training centres, which re-train the unemployed and increase vocational skills.

Furthermore, a one year pre-school programme, which would precede comprehensive school, is now being planned. The major objective of pre-school education is to reduce the differences in children's readiness to learn and to prepare them for comprehensive school.

## ADMINISTRATION

The Ministry of Education is the highest educational planning and administrative authority in Finland. Two central offices work under it: the National Board of Education which is mainly in charge of the administration of general education and the National Board of Vocational Education which deals with vocational education. Institutions of higher education are directly subordinate to the Ministry of Education. In fact, at present almost all institutional education falls under the aegis of the Ministry of Education. Only the training of the army, police and fire-brigades is under the control of other ministries.

The school departments of the provincial governments act as regional administrative authorities. At the moment they handle questions relating to general education; but the extension of their authority to cover vocational education is under consideration.

The municipal school boards act as local education authorities; the municipal school systems, which consist of various educational institutions owned by the municipalities, are subordinate to them.

## OWNERSHIP AND FINANCING

Primary, civic and comprehensive schools are owned by the municipalities, which receive financial assistance from the central government for operation and building costs. In the new comprehensive school system, the size of central government aid to education will depend on the financial standing of the municipality and will vary from 55 to 95 per cent for running costs and from 17 to 98 per cent for building costs. The construction of schools is also supported through low-interest central government loans.

Secondary schools are owned by private foundations, municipalities or the State. Central government assistance covers roughly 80 to 90 per cent of the costs of running municipal and private schools.

Similarly, vocational schools are owned privately or by municipalities or the State. The size of central government aid to municipal and private vocational schools for running costs varies between 70 and 90 per cent, depending on the type of school. Schools which are situated in development regions also receive additional aid. The central government finances a substantially smaller share of building costs than of running costs.

Nine of the 17 institutions of higher education are owned by the State and eight by private foundations. Private institutions receive central government support that covers 75 to 100 per cent of running costs, depending on the field of education. However, the transfer of ownership of private institutions of higher education to the State is favoured for financial reasons alone.

The institutions providing adult education are mainly municipal or private. The share of central government support in the running costs of these schools is between 70 and 90 per cent, depending on the type of institution. The central government defrays all expenses of vocational training centres.

In private institutions, tuition fees and contributions from municipalities or various organizations cover the expenses not met by the central government subsidies. In this way fees are kept moderate. Municipal schools outside the primary or comprehensive school system, and State-owned schools may also charge tuition fees, but in general these are much lower than the fees of private institutions.

## PUBLIC EXPENDITURE ON EDUCATION

Education and culture account for just under a fifth of total central government expenditure in Finland. Of this, about 50 per cent is spent on general education, about 25 per cent on vocational education and about 16 per cent on higher education.

Municipalities devote about a quarter of their total expenditure to education and related activities.

The share of public education expenditure in Finland's GDP is now about seven per cent, which is very high by international standards. In recent years, the average annual increase in expenditure has been 15 per cent.

It should be noted that the above figures include only a small part of the financial support that Finnish students receive. Other important forms of aid are grants and interest subsidies on study loans, which totalled about 40 million marks in 1972. The bulk of support for education is made up of study loans granted by credit institutions and guaranteed by the State which also subsidizes the interest charges. In 1972 these loans totalled as much as 800 million marks.

## THE DEVELOPMENT OF THE LEVEL OF EDUCATION IN FINLAND

The break-down of the population between 15 and 64 years of age by educational level in 1960 and 1970 was as follows:

	1960	1970
University level degrees	48 000	86 000
Vocational certificates	310 000	656 000
Senior secondary school	48 000	87 000
Junior secondary school	149 000	210 000
Primary school	2 225 000	2 085 000
Total population	2 780 000	3 124 000

## FUTURE OUTLOOK

### COMPREHENSIVE EDUCATION

As was indicated earlier, a system of comprehensive schools will be introduced in Finland during 1972—1977. Broadly speaking, this means that the former primary and civic schools as well as junior secondary school grades will be fused. No fees are charged in comprehensive schools, and text-books, school meals and, if necessary, transportation and lodging, are provided free of charge.

Accordingly, the parents' financial position will not limit the children's access to education. Since the comprehensive school system will remove the anomalies and injustices caused by a system which requires too early, and nearly irreversible educational specialization, the introduction of comprehensive schools may be viewed as a social reform. The parallel education system, which is still used in most parts of the country, places pupils into two streams, one in which the pupils prepare to go on to institutions of higher education, and the other in which the pupils are prepared for vocational schools. For the latter group, prospects for subsequent education are not always bright.

The comprehensive school is made up of a lower section and an upper section. The lower section takes six years, during which all pupils receive the same education. During the three years of education in the upper section, the pupils are grouped according to progress, i.e. the child may choose to study at one of three

levels in the most important subjects. It is argued that this is the best way to take into account individual differences between pupils. However, this claim has not gone undisputed. It is also argued that varying teaching methods and the time devoted to study in the way most suitable for the individual pupil is the best way to treat individual differences. It seems evident that the question of how to best allow for these differences will dominate discussions of Finnish education policy in the years to come.

It is expected that the number of children of comprehensive school age (between 7 and 15 years) will decrease substantially in the 1970s. While the number of children in this age group totalled about 714 000 in 1970, it is estimated that their number will fall below 600 000 by 1980. Even if the number of school children declines to such an extent, the need for building new schools will not be eliminated. Above all, migration to the cities, smaller classes and other re-arrangements will require extensive construction of schools during the coming years. It is estimated that the introduction of the comprehensive school system, with the various pedagogical re-arrangements and the extension of social benefits will increase central government expenditure on education by about 300 million marks annually.

### SECONDARY EDUCATION

Secondary education is given in both the senior secondary schools and the vocational institutions. Senior secondary schools provide general education that prepares pupils primarily to study in institutions of higher education. Vocational institutions provide education in such fields as technology, commerce, tourism, seafaring, agriculture, forestry, public health care and home economics. So-called vocational schools, which provide basic education for manufacturing trades, and commercial colleges, which serve the corresponding purpose in the commercial field, make up the largest group of vocational institutions. For instance in vocational schools, instruction is given in dozens of different courses, and this differentiation starts from the very first term.



At present, about 85 per cent of the pupils who have completed their comprehensive-level education have an opportunity to continue their education. However, there are still great regional differences in the availability of education. While Southern Finland is able to provide education to all who are interested, only about 70 per cent of the relevant age group have access to further education in certain parts of the development regions. It is estimated that at the present rate of extending educational capacity, it will be possible to provide all those who complete comprehensive school with further education by 1975. However, this estimate is based on the assumption that significant efforts are made to even out regional differences in educational opportunity.

The reform of the Finnish system of secondary and vocational education is being planned in order to make the education provided meet uniformly high standards. The strict division between general education and vocational training has not proved useful for general education policy or for manpower policy. A system of an overall 11-year general education has been presented as one alternative; the choice of the type of further education would be made after completing the general education course. Vocational education would then begin with basic general education and be followed by specialization. Vocational schooling would take between three and six years, depending on the level. The highest level would, of course, be university level. The system of secondary and vocational education cannot be revised in one fell swoop, but the reform must be carried out stage by stage. In fact, from the point of view of social policy, this reform is at least as vital and wide-ranging as the introduction of comprehensive schools.

In the short run plans have been made to help those who have received basic vocational education to continue their studies in institutions of higher education. Since those who have completed the senior secondary school course have had distinctly better opportunities to continue their education, the demand for se-

nior secondary school education has remained high. At present more than 40 per cent of each age group studies in senior secondary schools. Were present trends to continue, the supply of labour would not match the industrial and occupational demand. Moreover, the specialized training provided by most vocational institutions is not sufficiently flexible to adjust itself to changes in the demand for labour. As a result, we are gradually shifting over to wider basic vocational education, followed by special courses designed to give the individual specific skills. The overall goal of these changes is to develop the student's readiness to learn a trade.

#### HIGHER EDUCATION

The Act on the Development of the System of Higher Education which was passed in 1966 lays the foundation for planning and development in this area.

The Act sets intermediary and minimum long-term targets for enrolments, teaching staff and construction activities (floor space per student) within the various fields of study during 1967—1981. The total number of places in institutions of higher education should come to about 60 000 at the end of the current decade. This would mean providing places for about 12 500 new entrants each year. At present, less than 10 000 persons, or about 12 per cent of the population 19 years of age, are admitted to institution of higher education each year. The number of students will increase particularly in medicine and technology, but the growth will continue also in science. The extension of medical education is regarded as the primary means to eliminate the present shortage of doctors. The National Health Act, which came into force about a year ago, has increased the need for medical personnel sharply.

The development of educational resources in accordance with the 1966 Act will require an average annual increase in expenditure on higher education of 11 to 13 per cent. In the

coming years, extensive construction projects will be carried out in order to reach the set objectives. The major projects will be the institutions of higher education in the development regions, which should be large enough to operate as efficient individual units.

At present the question of the internal administration of institutions of higher education is being debated. A bill on this issue has been submitted to Parliament. Revisions in the system of academic degrees and changes in the procedure for selecting students, which are mainly necessitated by the development of secondary and vocational education, are being planned. In the years to come, the share of post-degree and complementary studies will be notably larger than at present. Furthermore, the training of teachers will probably be shifted totally to the institutions of higher education. Apart from the 17 institutions of higher education, there are certain special schools, such as music and art schools and vocational institutes which provide students with higher education. Slightly less than 9 000 students are admitted each year to these higher education establishments, and it is thus possible to provide more than 20 per cent of the relevant age group with higher education.

## ADULT EDUCATION

Adult education is important because it allows individuals to eliminate educational gaps which separate the old and the young and to keep abreast of the continuous social and technological changes. The network of adult education centres already covers the entire country fairly evenly, and it does not now seem necessary to found new centres. But it is vital that the subject matter taught be revised and further developed so that it is appropriate for the increasing average level of education of those who follow the courses.

According to current plans, the network of vocational training centres will be completed during 1973. By using this network and the vocational institutions, it will be possible to train about 22 000 persons through so-called employment courses each year, and the OECD's recommendation of retraining one per cent of the economically active population will have been met. In addition to the employment courses, which take an average of six months, supplementary training is provided in other, shorter vocational courses. It is intended that about two per cent of the economically active population will receive training in this way.

## ITEMS

**Depreciation of the U.S. dollar against the mark.** On June 4th of this year the Bank of Finland allowed the U.S. dollar to fall below its lower fluctuation limit as permitted by the International Monetary Fund. This lower limit is 2 ¼ per cent below the central rate of 3.90 marks per dollar. This decision had to be taken in view of the sharp depreciation of the U.S. dollar in international foreign exchange markets. The lower fluctuation limit of 3.813 marks per dollar was set on February 15th of this year. On June 4th, the new buying rate for the dollar was 3.732 marks and the new selling rate 3.750 marks. At the same time the rate for the rouble was also changed. The new rate of 5.172 marks per rouble was based on the dollar quotations of the State Bank of the Soviet Union and of the Bank of Finland. (These daily rates have subsequently changed).

The Bank of Finland has informed the International Monetary Fund of its decision not to observe the lower fluctuation limit for the U.S. dollar. The decision is consistent with recent foreign exchange policy, the aim of which has been to keep the effective international value of the mark stable.

The sharp deterioration of the U.S. dollar was facilitated by the decision of certain leading European countries on March 19 not to observe the fluctuation margins allowed by the International Monetary Fund. As a result of this, the currencies of these countries have deviated from their central rates by substantially more than the above-mentioned 2 ¼ per cent.

The Bank of Finland intends to resume foreign exchange quotations within the margins set by the International Monetary Fund as soon as conditions permit.

**Finnish bonds in 1972.** In 1972, a total of 48 new loans were issued; of these, 37 were denominated in Finnish currency and issued in Finland while 11 were in foreign currency and issued abroad. The total nominal value of bonds issued in Finland was 950 million marks and up to 817 million marks of bonds were sold. The sale of bonds launched in earlier years totalled 33 million marks. Twenty-five of the domestically issued loans had a fixed rate of interest of between 7 ½ per cent and 8 ½ per cent. The rate of interest on the twelve

domestic loans with a variable rate of interest was tied to the interest rate paid by the banking institutions on savings accounts or on six-month deposits.

Ten of the domestic loans, with a total value of 408 million marks, were issued by the Government. Five of these were intended for public subscription, and the remainder were sold to banking institutions, insurance companies and pension institutions. In all, 388 million marks of Government bonds were sold. In 1971 the corresponding figure was 531 million. Redemptions of Government bonds amounted to 597 million marks in 1972. The mortgage banks issued 17 domestic loans with a total nominal value of 367 million marks, and these loans were sold up to the value of 284 million. Industrial companies made nine issues in Finland with a nominal value of 165 million marks. Of this amount, 145 million was sold.

At the end of 1972, domestic bonds outstanding amounted to 3 669 million marks. The corresponding figure one year earlier was 3 520 million. In 1972 the sale of bonds on the Helsinki Stock Exchange was 16.5 million marks or 9.9 per cent of the total turnover.

Easy conditions in the international capital market, especially the Euro-bond market, continued in 1972. The gross inflow of funds due to Finnish bond issues abroad amounted to 735 million marks in 1972. The corresponding figure in 1971 was 433 million. The net inflow of capital of this type was 609 million marks in 1972 against 366 million in 1971. Finland's foreign bonds outstanding at the end of 1972 amounted to 3 241 million marks calculated on the basis of central rates. The corresponding figure one year earlier was 2 654 million.

The foreign currency bonds issued in 1972 consisted of a Government issue of DM 100 million, a DM 70 million loan and a US \$ 20 million loan launched by the Industrial Mortgage Bank of Finland Ltd, a \$ 15 million loan issued jointly by the Industrial Mortgage Bank of Finland Ltd, the Land and Industrial Mortgage Bank Ltd and the Finnish Real Estate

Bank Ltd, a Lux. F. 600 million loan issued by the Industrialization Fund of Finland Ltd, a 80 million Sfr loan made by Enso-Gutzeit Osakeyhtiö, a 15 million Sfr loan by Huhtamäki-yhtymä Oy, a 75 million DM loan by Imatran Voima Osakeyhtiö, a 30 million Sfr loan by Kemira Oy, a US \$ 20 million loan by Outokumpu Oy and a 8 million Sfr loan by Oy Tampella Ab.

In 1972 the effective cost to the borrower of foreign currency loans issued was 1 ½ percentage units lower than in 1971. The average effective cost weighted by loan amounts was 7.7 per cent in 1972 compared with 9.2 per cent in 1971. Loans denominated in Swiss francs carried the lowest interest rates during 1972, whereas dollar-denominated loans had the highest rates.

**Supplementary budget.** The first supplementary budget for 1973, which was approved by Parliament in May, will increase central government expenditure by 100 million marks.

The largest part — 80 million marks — will be used to promote residential building, particularly in the development regions so that a shortage of housing will not hamper the location of industry in these regions.

Funds were also appropriated to finance the establishment of the Board of Industry and Business as well as to create the post of competition commissioner and to set up a competition commissioner's office. These follow from the Government's bill on the promotion of economic competition.

The supplementary budget also includes appropriations for founding Finnish Embassies and creating posts for military attachés in both Germanies. This was a result of the establishment of diplomatic relations between Finland and both the Federal Republic of Germany and the German Democratic Republic during the past year.

A sum of 4 million marks was earmarked for the so-called Helsinki Consultations preceding

the European Security and Co-operation Conference; 2 million marks was set aside for aid to Vietnam and Bangladesh, and 3 million marks will be used to provide Iceland with natural disaster aid.

**Ministerial change.** On May 4, 1973, the President of the Republic, after having received

the letter of resignation of Mr. Jussi Linnamo (Soc. Dem.), Minister for Foreign Trade, released Mr. Linnamo from his duties as Minister and appointed Mr. Jermu Laine (Soc. Dem.), Secretary of the present Prime Minister, to this post.

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# BANK OF FINLAND

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## Board of Management

Mauno Koivisto

*Governor*

A. Simonen

*Deputy Governor*

Ahti Karjalainen

*Absent as a Member  
of Government*

Heikki Valvanne

Jaakko Lassila

Päiviö Hetemäki

Timo Helelä

*ad int.*

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## Directors

Jouko J. Voutilainen

Timo Helelä

Jorma Aranko

Pertti Tammivuori

Markku Puntila

---

## Senior officials

Pertti Kukkonen

*Director, ADP-planning*

Pauli Kanerva

*Administration*

K. Ignatius

*Personnel*

Antti Lehtinen

*Domestic financial  
operations*

Helge Lindström

*Credits and securities*

Kalle Koski

*Capital transfers*

Kari Nars

*Foreign exchange policy*

Raili Nuortila

*Eastern trade*

J. Ojala

*Foreign exchange control*

Kari Puumanen

*Economics dept., ad int.*

Henri J. Vartiainen

*Research dept.*

Stig Törnroth

*Cash*

K. Eirola

*Automatic Data Processing*

A. Nenonen

*Foreign correspondence*

Väinö Heiskanen

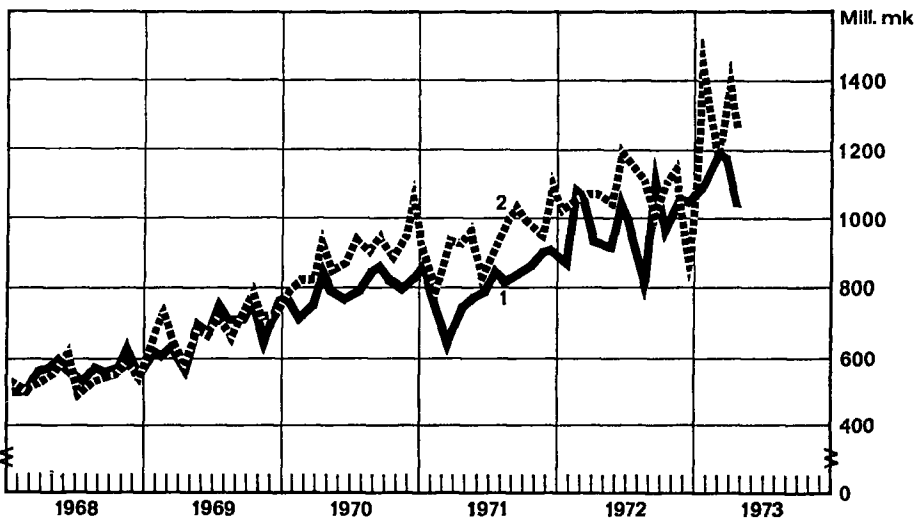
*Banking services*

Eino Suomela

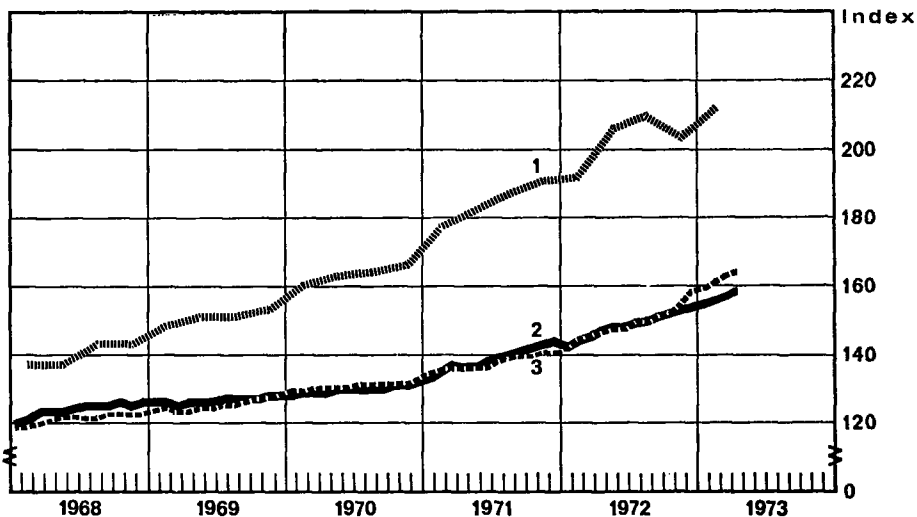
*Internal Audit*

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Foreign trade, 1968 - 1973



Prices and wages, 1968 - 1973



Production, 1968 - 1973

