



# BANK OF FINLAND

*Monthly Bulletin*

**Environmental protection in Finland**

**Monetary policy in Finland**

Supplementary budgets

Hire-purchase restrictions relaxed

Industrial Mortgage Bank of Finland Ltd

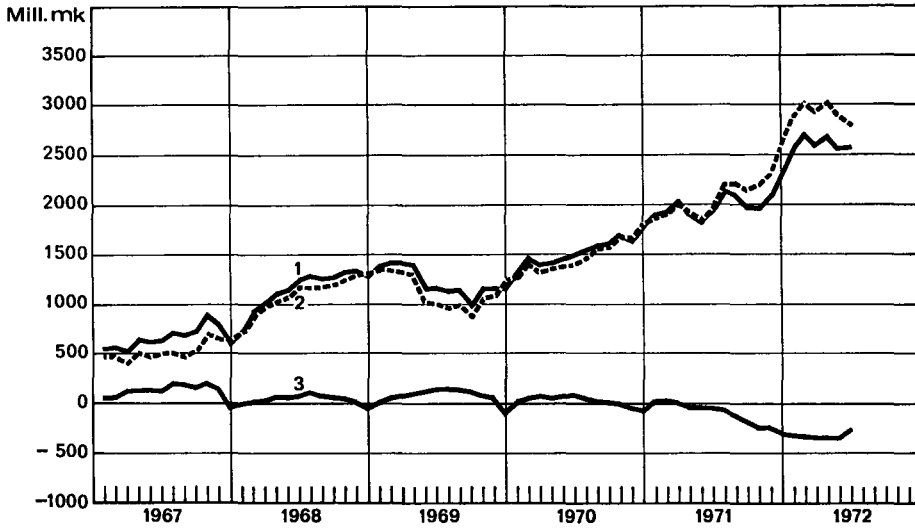
Domestic bond issues

Publication of the Bank of Finland

**AUGUST 1972**

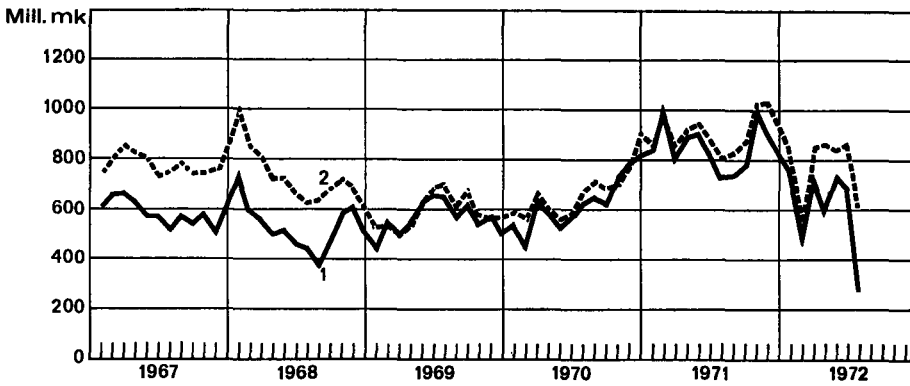
**Vol. 46 No. 8**

**Bank of Finland foreign exchange reserve, 1967-1972**



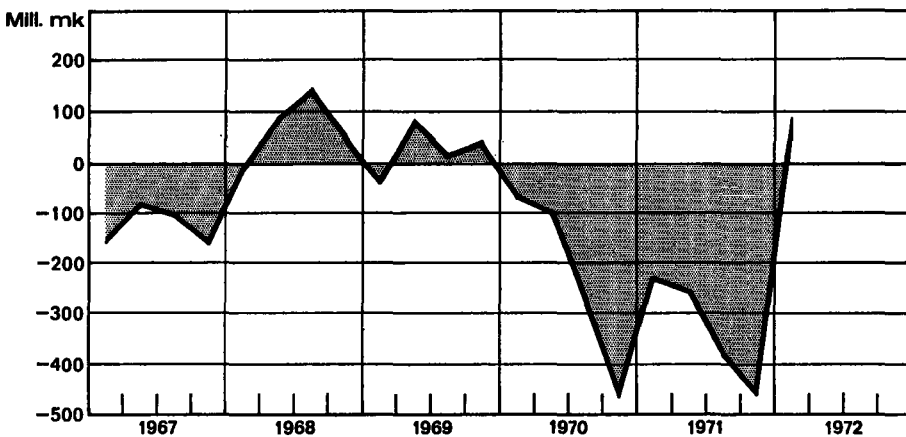
- 1. Total gold and foreign exchange
- 2. Gold and convertible currencies
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**Bank of Finland's position in regard to the banks, 1967-1972**



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

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



Seasonally adjusted quarterly figures

# ENVIRONMENTAL PROTECTION IN FINLAND

Because of the physical and geographical conditions of the country, the major problems of environmental protection in Finland are those of water protection and the use of renewable natural resources, mainly forests. About 10 per cent of the country's total area is covered by water and approximately 15 per cent of it is affected by waste. At the end of 1967 roughly half of the population lived in regions where water was polluted, and the problem must be considered most alarming, because pollution is taking place in the very heart of the lake systems. In addition, sea water near the largest industrial towns on the coasts is more or less polluted.

As far as forests are concerned, the major problems are the adequacy of wood resources and the organization of the exploitation and multiple use of forests. Nowadays there are few forests in Finland which do not feel the hand of man or escape his influence. In certain regions the woodland scenery has lost some of its diversity as a result of the growth of demand for raw wood and rationalization in forestry. At the same time the possibilities for the multiple use (e.g., for recreation) of forests has narrowed. Mosses and bogs are typical of Finnish forest scenery; the peat resources of the country account for about 10 per cent of the total peat resources of the globe.

There is a long tradition of taking legislative steps to protect the environment in Finland. Stipulations on water protection can be found from the end of the 17th century. The 1920's saw the enforcement of the most important laws on the protection of nature. This legislation — partly old-fashioned — is now being revised, as is the water legislation of 1961. The most significant laws on environmental protection currently in force were passed in the 1960's. At present no legislation on the

protection of the air and noise abatement is on the books in Finland, but its preparation is under way.

The administration of environmental protection has also been in a phase of re-organization for about two years. The highest co-ordinating organ is now the Finnish Environmental Council, which is an advisory body and falls under the aegis of the Prime Minister's Office. The National Board of Waters is responsible for the administration of water resources, but the administration of air protection has not yet been satisfactorily organized.

The use of wood resources and the protection of the waters are closely connected. The wood-working industry is in a key position for improving the condition of the waters; the pulp and paper industry gives rise to about 75 per cent of the total load into the waters and about 90 per cent of the pollution of organic origin. One of the goals of the wood-working industry is to cut pollution through technical improvements in the production process and mechanical purification so that by 1980 waste of organic origin would be reduced by 30—50 per cent of present levels and that of suspended solids by about 20 per cent. It has been estimated that about 800 million marks would have to be spent in the 1970's to reach this goal. About 200 million marks of this would be used for mechanical purification, about 300 million marks for technical improvements in the production process, and about 300 million marks for starting chemical and biological purification.

In population centres, investment in construction alone required for water protection is estimated to cost about 300 million marks by 1980. The biological purification of waste water produced by the present sewerage

system would cost approximately 115 million marks.

Total investment by local government in water protection and in the supply of water over the next ten years has been put at about 3 400 million marks. The running costs, excluding depreciation and interest expenses, have been placed at nearly 150 million marks annually by the end of the period, about half of which would go to actual water protection. Maintaining present conditions without making any fundamental improvements would cost approximately 2 000 million marks, which is about 0.4 per cent of GDP. However, if the damage caused so far is to be put right, the costs will be considerably higher.

The use of wood resources is naturally reflected in the condition of the waters. However, even if basic improvements are carried out and silviculture is intensified, the adequacy of raw wood supplies will form the

major bottle-neck for forestry production in the next few years. At the same time the demands of conservation and the principle of multiple use of forests probably require a reduction in the number of fellings. The drainage of marsh land and the intensification of silviculture are changing entire ecosystems. As a result, forests are losing some of their diversity, and changes may be caused in the water run-off balance or even in entire ecological relationships.

In the long run, problems of pollution and the rational exploitation of natural resources can be solved only with the aid of thorough research and an efficient implementation of the results obtained. Society has to be prepared to stand for an increasing share of the costs of both actual measures designed to prevent pollution, and other measures aimed at protecting nature in the future.

July 25, 1972

	1971		1972				
	July 30	Dec. 31	July 7	July 14	July 21	July 31	
<b>Assets</b>							
Gold and other foreign assets	2 374	2 776	3 065	3 070	3 113	3 246	
Gold	121	205	205	205	205	205	
Special drawing rights	197	197	283	283	283	283	
IMF gold tranche	268	268	268	268	268	268	
Foreign exchange	1 660	1 950	2 092	2 095	2 146	2 272	
Foreign bills	92	119	111	113	105	112	
Foreign bonds	36	37	106	106	106	106	
Claims on domestic banks	829	849	797	692	874	636	
Discounted bills	821	848	787	679	859	616	
Rediscounted bills	1	1	1	1	1	1	
Cheque accounts	7	—	9	12	14	19	
Other lending	380	340	311	312	302	303	
Inland bills discounted							
In foreign currency	—	—	—	—	—	—	
In Finnish marks	221	121	69	70	61	63	
Loans	159	219	242	242	241	240	
Other assets	716	597	721	721	741	724	
Finnish bonds	145	38	147	147	168	151	
Finnish coin	14	14	28	28	27	27	
Currency subscription to Finland's quota							
in the IMF	530	530	530	530	530	530	
Other claims	27	15	16	16	16	16	
	<b>Total</b>	<b>4 299</b>	<b>4 562</b>	<b>4 894</b>	<b>4 795</b>	<b>5 030</b>	<b>4 909</b>
<b>Liabilities</b>							
Notes in circulation	1 341	1 479	1 557	1 540	1 523	1 513	
Liabilities payable on demand	201	358	479	411	664	576	
Foreign exchange accounts	65	297	208	194	183	147	
Mark accounts of holders abroad	16	30	37	30	29	34	
Cheque accounts							
Treasury	43	2	35	38	43	35	
Post Office Bank	62	2	186	136	397	347	
Private banks	—	9	—	—	—	—	
Other	4	3	2	2	2	2	
Other sight liabilities	11	15	11	11	10	11	
Term liabilities	955	905	1 073	1 071	1 067	1 062	
Foreign	—	—	—	—	—	—	
Domestic	955	905	1 073	1 071	1 067	1 062	
IMF mark accounts	530	530	530	530	530	530	
Allocations of special drawing rights	173	174	258	258	258	258	
Equalization accounts	432	400	279	265	266	247	
Bank's own funds	667	716	718	720	722	723	
Capital	600	600	600	600	600	600	
Reserve fund	32	32	74	74	74	74	
Profits undisposed	—	—	—	—	—	—	
Earnings less expenses (Dec. 31, Net profit)	35	84	44	46	48	49	
	<b>Total</b>	<b>4 299</b>	<b>4 562</b>	<b>4 894</b>	<b>4 795</b>	<b>5 030</b>	<b>4 909</b>

End of year and month	Gold and foreign accounts						Treasury		
	Gold and foreign exchange	Liabilities on foreign exchange and mark accounts	Foreign exchange reserve (1—2)	Other foreign assets	Other foreign liabilities	Net foreign assets (3+4—5)	Claims on Treasury	Liabilities, Cheque account	Net claims on the Treasury (7—8)
	1	2	3	4	5	6	7	8	9
1965	861	45	816	84	57	843	— 1	1	— 2
1966	556	61	495	81	101	475	10	40	— 30
1967	701	75	626	98	354	370	— 7	4	— 11
1968	1 353	62	1 291	125	34	1 382	—354	3	—357
1969	1 268	92	1 176	517	360	1 333	—196	4	—200
1970	1 844	106	1 738	639	518	1 859	—118	2	—120
1971	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1971									
May	1 888	56	1 832	650	526	1 956	—108	1	—109
June	2 011	59	1 952	653	526	2 079	—107	23	—130
July	2 246	81	2 165	658	530	2 293	—100	43	—143
Aug.	2 250	142	2 108	652	530	2 230	— 98	14	—112
Sept.	2 180	192	1 988	661	530	2 119	— 96	0	— 96
Oct.	2 227	246	1 981	664	530	2 115	— 92	22	—114
Nov.	2 364	261	2 103	668	530	2 241	— 90	39	—129
Dec.	2 620	327	2 293	686	530	2 449	— 15	2	— 17
1972									
Jan.	2 935	349	2 586	682	530	2 738	— 15	17	— 32
Feb.	3 080	360	2 720	695	530	2 885	— 3	26	— 29
March	2 991	370	2 621	708	530	2 799	— 3	30	— 33
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

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1971			Net holdings, June 30, 1972			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	June	Jan.—June
	Gold	205	—	205	205	—	205	—
Special drawing rights	197	—	197	283	—	283	—	+86
IMF gold tranche	268	—	268	268	—	268	—	—
Convertible currencies	1 920	143	2 063	2 070	93	2 163	+ 70	+100
Other currencies	—297	— 3	—300	—243	—11	—254	+ 96	+ 46
Total	2 293	140	2 433	2 583	—82	2 665	+166	+232

## BANK OF FINLAND

Mill. mk

End of year and month	Domestic banks						Other					Notes in circulation
	Dis-counted bills	Redis-counted bills	Cheque accounts <sup>1</sup>	Liabilities, Cheque accounts		Net claims on the banks (1+2+3-4-5)	Inland bills in Finnish marks	Other advances	Liabilities	Net claims on the rest of economy (7+8-9)		
				Private banks <sup>2</sup>	Post Office Bank <sup>2</sup>							
1	2	3	4	5	6	7	8	9	10	11		
1965	—	641	—	12	8	621	76	72	32	116	1 029	
1966	—	915	—	14	17	884	180	85	72	193	1 106	
1967	—	868	—	155	35	678	197	383	56	524	1 052	
1968	—	618	107	163	16	546	186	195	43	338	1 160	
1969	—	550	87	93	12	532	192	269	25	436	1 298	
1970	827	9	3	1	4	834	137	246	528	-145	1 344	
1971	848	1	—	9	2	838	121	234	908	-553	1 479	
1971												
May	893	1	4	—	0	898	164	155	597	-278	1 360	
June	877	1	16	—	44	850	209	164	760	-387	1 355	
July	821	1	7	—	62	767	221	186	870	-463	1 341	
Aug.	785	—	15	—	11	789	214	185	912	-513	1 307	
Sept.	866	1	15	—	0	882	180	208	918	-530	1 322	
Oct.	1 097	1	5	—	79	1 024	188	207	950	-555	1 373	
Nov.	1 109	1	19	—	162	967	152	206	929	-571	1 398	
Dec.	848	1	—	9	2	838	121	234	908	-553	1 479	
1972												
Jan.	714	1	22	—	71	666	117	226	1 002	-659	1 369	
Feb.	522	1	18	—	101	440	116	238	977	-623	1 377	
March	786	1	—	5	48	734	89	242	1 110	-779	1 423	
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	

<sup>1</sup> Including special index accounts.<sup>2</sup> Including cash reserve accounts.SELLING RATES FOR FOREIGN EXCHANGE<sup>1</sup>

Mk

July 31, 1972

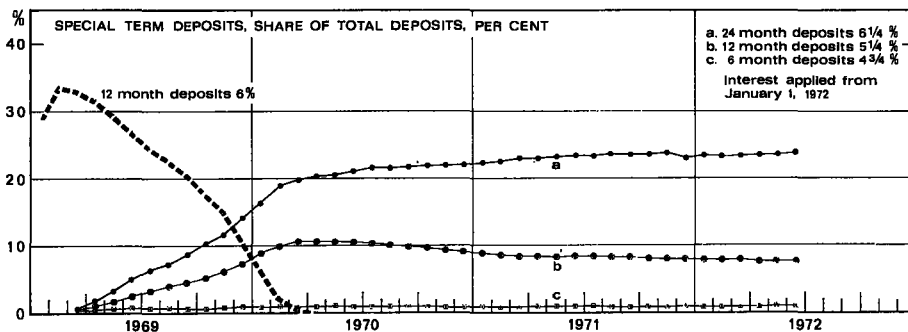
New York <sup>2</sup>	1 \$	4.134	Frankfurt o. M.	100 DM	130.29	Vienna	100 S	18.04
Montreal	1 \$	4.208	Amsterdam	100 Fl	129.50	Lisbon	100 Esc	15.43
London	1 £	10.130	Brussels	100 Fr	9.440	Reykjavik	100 Kr	4.75
Stockholm	100 Kr	87.50	Zurich	100 Fr	109.60	Madrid	100 Pta	6.52
Oslo	100 Kr	63.40	Paris <sup>3</sup>	100 FF		Moscow <sup>4</sup>	1 Rbl	4.960
Copenhagen	100 Kr	59.45	Rome	100 Lit	0.7120			

<sup>1</sup> Rates for New York and Moscow are official, others unofficial.<sup>2</sup> As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.<sup>3</sup> 82.70 commercial rate; 87.70 financial rate.<sup>4</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	Commer- cial banks	Savings banks	Co-op. banks	Post Office Bank	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1965	676.9	843.7	309.4	3 182.6	2 954.4	1 931.0	773.2	357.2	9 198.6	10 351.7
1966	639.8	849.4	318.0	3 660.9	3 329.9	2 202.1	863.6	380.7	10 437.3	11 604.7
1967	661.5	834.0	340.9	4 103.1	3 644.6	2 417.3	941.2	431.3	11 537.9	12 712.8
1968	856.2	1 087.6	428.4	4 597.8	3 966.4	2 683.1	1 027.2	465.0	12 739.8	14 255.8
1969	1 057.4	1 373.9	520.8	5 236.3	4 333.1	3 021.6	1 116.0	521.6	14 228.7	16 123.4
1970	1 142.7	1 507.7	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	1 732.7	754.4	6 961.4	5 447.0	3 876.2	1 491.4	642.3	18 418.3	20 905.4
1971*										
May	1 227.5	1 540.2	616.6	6 226.3	4 994.8	3 608.6	1 330.7	591.7	16 752.1	18 908.9
June	1 244.2	1 583.8	626.2	6 243.7	4 983.9	3 575.0	1 338.8	589.0	16 730.4	18 940.4
July	1 119.7	1 426.6	555.4	6 277.7	5 015.8	3 593.7	1 324.8	588.8	16 818.8	18 800.8
Aug.	1 201.2	1 542.6	610.4	6 284.1	5 061.4	3 626.3	1 359.5	590.2	16 921.5	19 074.5
Sept.	1 195.8	1 553.2	637.4	6 361.7	5 119.9	3 676.7	1 371.0	608.3	17 137.6	19 328.2
Oct.	1 175.9	1 514.0	612.2	6 425.4	5 177.3	3 720.5	1 390.6	617.8	17 331.6	19 457.8
Nov.	1 322.4	1 663.1	624.3	6 534.2	5 252.3	3 774.1	1 418.9	619.4	17 598.9	19 886.3
Dec.	1 343.5	1 732.7	754.4	6 961.4	5 447.0	3 876.2	1 491.4	642.3	18 418.3	20 905.4
1972*										
Jan.	1 456.2	1 805.2	721.2	6 970.3	5 480.9	3 930.1	1 520.8	648.4	18 550.5	21 076.9
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



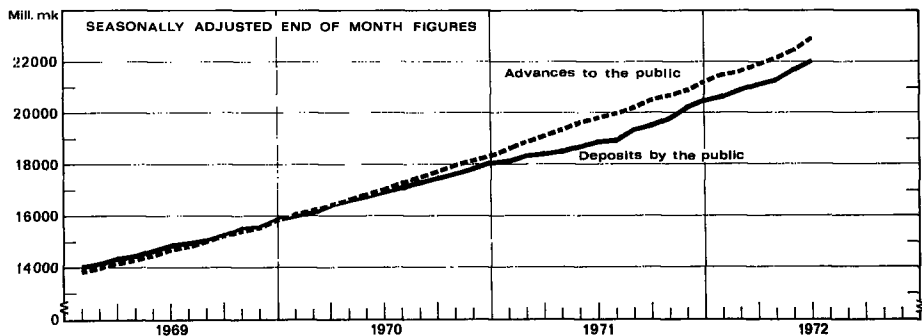


# ADVANCES TO THE PUBLIC—MONEY SUPPLY

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 <sup>1</sup>	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1965	4 597.4	2 609.2	2 030.6	707.4	899.4	10 420.4	423.6	10 844.0	2 074
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	4 796.2	3 836.0	1 746.6	1 799.1	20 643.2	768.4	21 411.6	3 975
1971									
May	8 429.1	4 547.2	3 570.6	1 538.5	1 589.4	18 896.2	778.6	19 674.8	3 467
June	8 452.4	4 544.1	3 574.2	1 570.8	1 640.2	19 023.2	758.5	19 781.7	3 423
July	8 477.7	4 569.8	3 608.1	1 602.3	1 658.7	19 146.5	770.1	19 916.6	3 298
Aug.	8 539.0	4 604.7	3 631.4	1 668.0	1 660.1	19 327.4	775.8	20 103.2	3 384
Sept.	8 811.6	4 655.6	3 686.1	1 742.1	1 657.0	19 747.3	805.1	20 552.4	3 415
Oct.	8 956.0	4 712.2	3 739.1	1 755.6	1 662.5	20 026.2	799.2	20 825.4	3 495
Nov.	9 071.0	4 770.5	3 793.6	1 737.0	1 760.3	20 352.2	780.2	21 132.4	3 606
Dec.	9 233.7	4 796.2	3 836.0	1 746.6	1 799.1	20 643.2	768.4	21 411.6	3 975
1972*									
Jan.	9 262.7	4 851.8	3 884.0	1 782.7	1 808.1	20 838.9	750.4	21 589.3	3 819
Feb.	9 283.7	4 874.0	3 895.8	1 813.6	1 795.0	20 903.2	758.9	21 662.1	3 928
March	9 417.3	4 912.2	3 941.0	1 838.6	1 831.1	21 144.3	795.9	21 940.2	3 947
April	9 583.6	4 954.0	3 976.1	1 879.5	1 869.7	21 432.3	830.6	22 262.9	3 962
May	9 671.5	5 011.3	4 034.2	1 918.8	1 908.3	21 725.5	818.6	22 544.1	..
June	9 887.3	5 052.3	4 074.7	1 943.4	1 975.1	22 074.8	858.0	22 932.8	..

<sup>1</sup> New series.





# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1966	4 816.9	5 524.4	-707.5
1967	5 231.2	5 794.4	-563.2
1968	6 874.2	6 710.9	+163.3
1969	8 344.7	8 504.8	-160.1
1970	9 686.7	11 071.4	-1 384.7
1971	9 897.2	11 734.4	-1 837.2

## 1971\*

July	846.5	868.4	- 21.9
Aug.	809.6	881.1	- 71.5
Sept.	858.0	1 108.8	-250.8
Oct.	921.1	1 074.6	-153.5
Nov.	961.2	1 023.6	- 62.4
Dec.	1 017.6	1 458.9	-441.3

## 1972\*

Jan.	872.3	957.5	- 85.2
Feb.	963.2	958.6	+ 4.6
March	1 049.9	1 036.0	+ 13.9
April	856.9	1 092.7	-235.8
May	891.6	1 081.0	-184.4

## Jan.-May

1971*	3 652.6	4 511.1	-858.5
1972*	4 633.9	5 125.8	-491.9

Indices of exports and  
imports 1962 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1966	122	135	112	
1967	129	135	115	110	105
1968	143	129	136	132	103
1969	167	160	141	135	104
1970	176	192	156	147	106
1971	171	190	164	157	104

## 1969

Oct.-Dec.	190	187	146	138	106
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## 1970

Jan.-Mar.	152	162	156	144	108
Apr.-June	178	189	156	146	107
July-Sept.	182	186	154	147	105
Oct.-Dec.	193	228	157	151	104

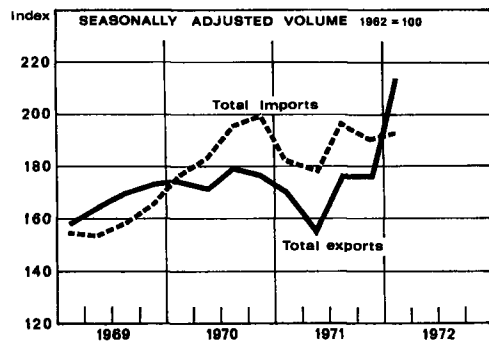
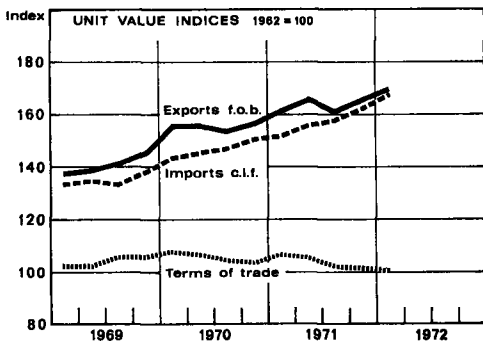
## 1971

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<sup>1</sup>

Jan.-Mar.	192	179	170	168	101
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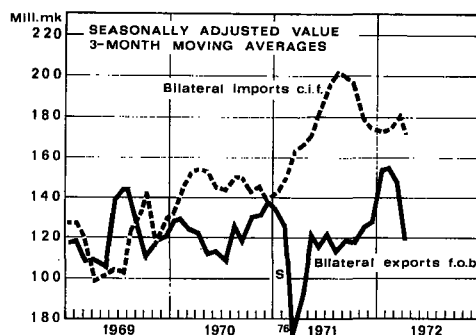
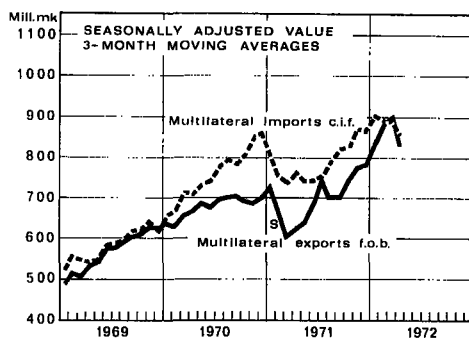
<sup>1</sup> The 1972 figures have been calculated by converting the final 1971 Fisher index with the percentage change in the 1972-1971 Laspeyres index.



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.						Imports, c.i.f.			
	Agricultural products	Round and hewn timber	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods	
									Investment goods	Consumer goods
1966	264.0	59.0	863.5	2 297.0	877.2	456.2	2 450.5	589.8	1 448.5	1 035.6
1967	261.4	54.3	865.7	2 384.5	1 080.6	584.7	2 545.9	668.2	1 462.8	1 117.5
1968	327.1	55.5	1 157.7	2 994.0	1 566.4	773.5	3 023.1	874.0	1 524.2	1 289.6
1969	360.2	71.9	1 400.4	3 373.9	2 011.8	1 126.5	3 692.9	948.6	2 229.4	1 633.9
1970	426.3	88.0	1 544.0	3 789.4	2 437.2	1 401.8	4 918.2	1 243.4	2 905.5	2 004.3
1971*	546.8	88.5	1 653.3	3 720.7	2 323.0	1 564.9	4 638.6	1 556.5	3 428.4	2 110.9
1971*										
July	33.0	9.0	159.9	287.8	271.9	84.9	356.3	136.9	224.8	150.4
Aug.	37.9	13.7	148.5	287.5	187.6	134.4	344.9	171.7	213.9	150.6
Sept.	47.5	7.4	149.1	305.6	187.5	160.9	460.0	163.7	278.0	207.1
Oct.	45.0	8.0	166.1	351.0	196.3	154.7	434.3	142.3	317.3	180.7
Nov.	47.3	7.3	165.5	322.5	255.3	163.3	412.4	133.4	291.7	186.1
Dec.	74.5	6.6	168.6	359.5	254.8	153.6	601.7	175.5	431.1	250.6
1972*										
Jan.	72.8	3.2	132.7	320.7	226.5	116.4	360.8	136.6	294.4	165.7
Feb.	38.5	3.9	115.4	341.4	312.4	151.6	387.2	84.5	290.9	196.0
March	88.3	0.7	114.3	377.9	287.4	181.3	439.6	76.7	279.6	240.1
April	32.6	3.4	118.5	309.8	235.5	157.1	395.5	104.7	364.7	227.8
May	64.6	3.5	127.7	268.7	273.9	153.2	420.0	125.7	318.3	217.0
Jan.-May										
1971*	233.3	22.8	540.5	1 508.5	761.6	585.9	1 714.3	504.6	1 450.8	841.4
1972*	296.8	14.7	608.6	1 618.5	1 335.7	759.6	2 003.1	528.2	1 547.9	1 046.6



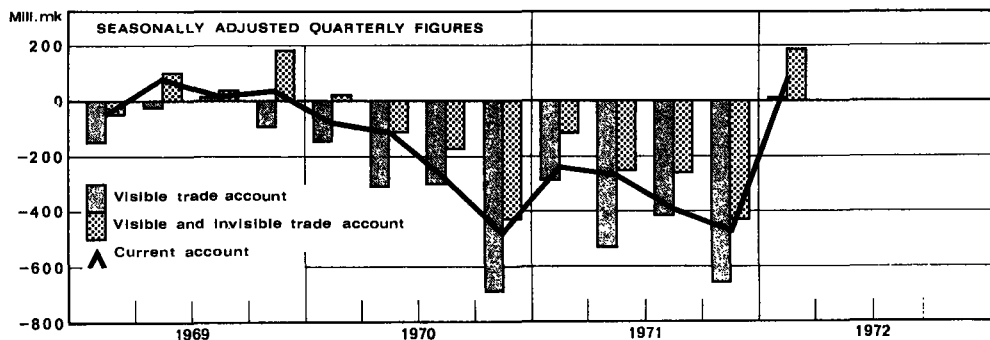
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January — May				January — May			
	1971*		1972*		1971*		1972*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	71.4	2 608.0	72.9	3 378.5	75.0	3 383.4	75.4	3 866.9
Austria	0.9	34.6	0.9	42.7	1.6	70.7	1.5	75.2
Belgium-Luxembourg	1.8	66.9	1.6	73.4	1.7	74.5	1.8	94.5
Denmark	3.9	143.1	3.6	166.3	3.5	155.8	3.1	160.9
France	3.9	142.7	3.8	177.2	3.4	151.8	4.3	218.1
Federal Republic of Germany	10.8	304.9	9.7	449.2	17.7	797.0	18.4	943.7
Italy	2.1	76.5	1.6	74.2	2.1	96.7	2.1	108.5
Netherlands	4.3	155.6	3.4	155.4	3.5	159.0	3.8	194.0
Norway	3.5	129.5	3.0	139.7	2.6	118.4	2.6	132.2
Portugal	0.3	10.2	0.2	11.4	0.6	27.2	0.7	37.4
Spain	0.9	32.9	0.9	43.7	0.8	34.4	0.7	37.8
Sweden	15.6	569.5	20.9	969.7	18.7	844.9	18.6	954.1
Switzerland	2.0	74.7	2.2	101.6	3.6	162.8	3.3	171.4
United Kingdom	19.3	705.6	18.2	844.7	15.0	677.3	14.1	724.8
Other	2.1	71.3	2.9	129.3	0.6	12.9	0.4	14.3
<b>OECD countries outside Europe</b>	6.5	236.0	6.8	314.5	7.3	331.2	6.1	309.6
Canada	0.8	28.4	1.0	45.1	0.2	10.9	0.3	13.2
Japan	0.2	5.6	0.4	17.9	2.7	120.0	1.9	95.3
United States	5.5	251.5	5.4	251.5	4.4	200.3	3.9	201.1
<b>Eastern Bloc</b>	13.8	503.5	13.9	644.1	15.4	696.2	15.4	786.6
Czechoslovakia	0.6	20.5	0.5	22.4	0.5	20.7	0.5	25.3
Democratic Republic of Germany	0.6	20.8	0.4	18.3	0.5	23.1	0.6	28.7
People's Republic of China	0.3	9.8	0.4	16.6	0.5	23.6	0.3	17.5
Poland	1.2	44.1	0.9	40.5	1.6	73.5	0.7	36.5
Soviet Union	10.4	379.0	11.1	512.6	11.8	533.1	12.1	619.7
Other	0.7	29.3	0.6	33.7	0.5	22.2	1.2	58.9
<b>Latin America</b>	2.7	100.3	1.8	82.2	0.8	33.5	1.6	83.9
Argentina	0.9	33.3	0.4	16.8	0.1	6.7	0.1	7.1
Brazil	0.7	24.0	0.6	27.3	0.0	0.5	0.5	26.2
Colombia	0.3	11.2	0.1	6.5	0.0	0.6	0.6	29.0
Other	0.8	31.8	0.7	31.6	0.7	25.7	0.4	21.6
<b>Other</b>	5.6	204.8	4.6	214.6	1.5	66.8	1.5	78.8
<b>GRAND TOTAL</b>	100.0	3 652.6	100.0	4 633.9	100.0	4 511.1	100.0	5 125.8
of which								
<b>EFTA countries</b>	45.8	1 672.9	49.3	2 282.6	45.8	2 065.1	44.1	2 261.1
<b>EEC countries</b>	22.9	836.6	20.1	929.4	28.4	1 279.0	30.4	1 558.8
<b>OECD countries</b>	77.9	2 844.0	79.7	3 693.0	82.3	3 714.6	81.5	4 176.5

# 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
1969	8 296	8 528	-232	+579	+ 4	-13	+338	-323	+72	+ 87
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
<b>Jan.-Mar</b>										
1969	1 696	1 944	-248	+128	- 20	-11	-151	- 57	+80	-128
1970 <sup>f</sup>	2 074	2 309	-235	+192	- 9	- 3	- 55	- 86	-11	-152
1971	2 168	2 536	-368	+198	- 13	+19	-164	-135	- 1	-300
1972*	2 871	2 959	- 88	+219	+ 3	+ 6	+140	-144	-23	- 27
<b>Apr.-June</b>										
1969	2 002	2 008	- 6	+140	- 17	- 6	+111	- 84	- 7	+ 20
1970 <sup>f</sup>	2 429	2 721	-292	+180	+ 10	+ 0	-102	- 96	+ 1	-197
1971*	2 291	2 777	-486	+175	+ 47	+21	-243	-118	- 1	-362
<b>July-Sept.</b>										
1969	2 168	2 022	+146	+116	+ 38	-14	+286	- 80	+ 1	+207
1970 <sup>f</sup>	2 469	2 690	-221	+180	+109	- 4	+ 64	-110	- 1	- 47
1971	2 502	2 883	-381	+178	+166	+16	- 21	-120	- 4	-145
<b>Oct.-Dec.</b>										
1969	2 430	2 554	-124	+195	+ 3	+18	+ 92	-102	- 2	- 12
1970 <sup>f</sup>	2 662	3 379	-717	+164	+ 32	+24	-497	-105	- 7	-609
1971	2 884	3 566	-682	+109	+ 47	+10	-516	-104	+ 5	-615

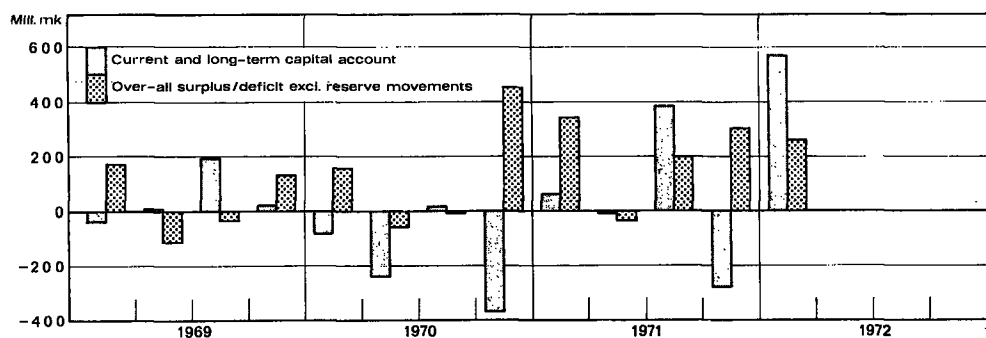


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and pre-payments, net	Short-term export credits and pre-payments, 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
+1 055	-723	-180	-51	+101	+188	+284	-311	- 6	+155	+115	-270
+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
+ 311	-201	- 8	-15	+ 87	- 41	+112	+147	- 46	+172	-135	- 37
+ 278	-158	- 51	+ 1	+ 70	- 82	- 9	+225	+ 23	+157	-240	+ 83
+ 610	-228	- 5	-18	+ 359	+ 59	+ 20	+329	- 66	+342	-314	- 28
+ 968	-273	-115	+17	+ 597	+570	-152	- 27	-130 <sup>2</sup>	+261	-327	+ 66
+ 279	-155	- 98	-39	- 13	+ 7	- 23	- 92	- 6	-114	+252	-138
+ 220	-191	- 69	- 4	- 44	-241	+142	+ 42	- 4	- 61	- 86	+147
+ 595	-200	- 11	-29	+355	- 7	-157	+144	- 17	- 37	+ 99	- 62
+ 146	-146	- 17	+ 6	- 11	+196	+ 34	-284	+ 19	- 35	+151	-116
+ 359	-175	- 60	-58	+ 66	+ 19	+ 87	+ 5	-119	- 8	-116	+124
+ 868	-252	- 89	+ 5	+532	+387	- 40	+ 21	-169	+199	- 35	-164
+ 319	-221	- 57	- 3	+ 38	+ 26	+161	- 82	+ 27	+132	-153	+ 21
+ 622	-170	- 73	-141	+238	-371	+531	- 35	+332	+457	-121	-336
+ 657	-175	-103	- 43	+336	-279	+564	-297	+314	+302	-305	+ 3

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			
1969	285	288	271	283	291	285	313	276	273	131	139	119
1970	297	300	286	299	317	290	329	290	283	138	146	126
1971	312	315	302	309	361	304	346	295	303	149	162	134
1971												
Oct.	317	320	306	312	375	309	349	299	310	153	170	136
Nov.	319	322	308	314	377	312	354	299	312	153	170	137
Dec.	319	322	307	314	378	309	352	299	312	154	170	137
1972												
Jan.	323	325	315	317	390	312	352	302	318	154	170	137
Feb.	328	331	319	320	394	323	357	306	326	154	170	137
March	330	334	317	321	394	326	360	309	326	154	170	137
April	334	337	321	324	395	330	364	313	329	157	174	140
May	335	338	322	326	397	329	365	313	330	162	187	140
June	335	338	322	325	400	331	366	313	331	162	187	140

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
1969	217	170	112	115	111	108	111	109	110	110	110	112
1970	223	175	115	116	115	109	115	121	115	113	113	115
1971	237	186	122	121	119	112	125	141	119	125	119	125
1971												
Oct.	243	191	125	124	120	114	130	144	123	129	121	126
Nov.	244	192	126	124	120	114	131	144	124	131	123	127
Dec.	245	192	126	124	120	114	131	144	124	132	123	128
1972												
Jan.	242	190	125	124	120	115	126	145	121	128	125	128
Feb.	245	192	126	126	120	115	126	147	122	131	126	129
March	247	194	127	127	120	116	126	147	122	133	127	131
April	251	197	129	131	126	117	128	148	123	133	127	133
May	253	199	130	131	126	117	131	147	125	134	129	135
June	254	199	131	132	126	118	131	148	126	134	129	135



## 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							
1969	162	154	149	155	151	158	150	149	153	151
1970	181	170	170	164	161	165	164	157	169	164
1971*	210	195	195	180	176	178	188	171	195	185
1970										
July-Sept.	180	171	172	164	162	165	166	158	171	165
Oct.-Dec.	187	175	179	165	162	165	168	158	174	167
1971*										
Jan.-Mar.	200	184	182	176	173	174	180	169	185	178
Apr.-June	210	193	193	177	175	175	188	169	195	183
July-Sept.	211	199	200	180	178	179	192	172	200	188
Oct.-Dec.	220	205	206	185	181	184	196	177	204	192
1972*										
Jan.-Mar.	229	205	206	186	182	186	196	177	205	193

## PRODUCTION

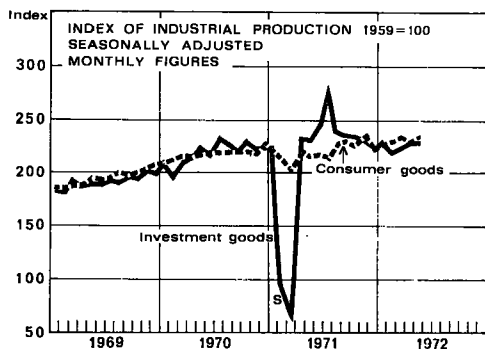
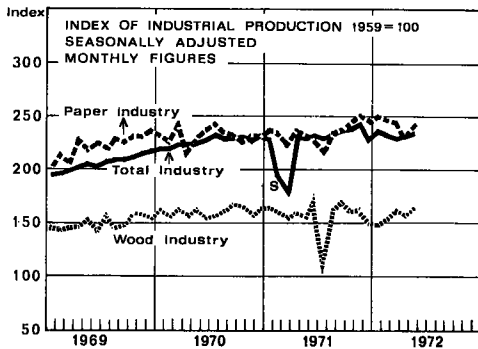
Volume indices of production 1964 = 100

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
1970	132	153	95	111	140	98	132	133	129	128	134
1971*	133	151	95	106	138	97	134	139	136	132	140
1971*											
Jan.-Mar.	127	142	57	158	93	93	126	131	133	131	139
Apr.-June	134	154	80	119	129	98	135	142	134	131	140
July-Sept.	135	143	175	55	160	100	138	135	135	132	140
Oct.-Dec.	138	166	66	90	168	97	138	149	140	134	142
1972*											
Jan.-Mar.	135	169	58	119	93	99	131	136	140	135	146

# PRODUCTION

Index of industrial production 1959 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
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*	228	222	232	220	190	162	234	328	328	226	228
1971*	227	208	231	223	190	161	237	351	314	211	227
<b>1971*</b>											
March	207	83	212	231	180	187	256	346	318	90	183
April	234	237	233	233	185	175	218	396	296	235	233
May	233	231	236	225	186	170	229	372	319	234	232
June	226	238	223	226	204	172	203	336	321	244	234
July	175	153	186	154	175	104	222	300	283	140	231
Aug.	231	218	229	236	190	134	247	320	333	221	235
Sept.	245	250	245	241	190	166	246	362	330	253	239
Oct.	251	255	256	237	226	169	256	362	344	258	240
Nov.	256	255	261	244	231	162	257	376	323	258	245
Dec.	239	241	242	230	186	155	229	362	267	248	232
<b>1972*</b>											
Jan.	245	253	250	228	169	160	262	404	272	253	238
Feb.	245	248	249	234	173	167	251	388	283	249	235
March	263	260	266	256	187	183	268	413	328	261	232
April	241	240	240	244	181	176	223	373	307	244	234
May	247	239	244	252	211	187	236	381	306	245	237



# 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	2 160	49	2.2	36 238	118	137	122
1971*								
March	2 122	2 060	62	2.9	5 067	110	138	120
April	2 130	2 073	57	2.7	4 163	119	140	125
May	2 185	2 135	50	2.3	3 157	135	149	119
June	2 347	2 308	39	1.7	2 408	118	133	124
July	2 360	2 315	45	1.9	1 092	129	139	127
Aug.	2 285	2 243	42	1.8	1 290	124	160	130
Sept.	2 194	2 154	40	1.8	1 794	115	149	124
Oct	2 179	2 138	41	1.9	2 274	120	142	128
Nov.	2 177	2 131	47	2.2	2 616	117	144	123
Dec.	2 175	2 122	53	2.4	3 233	156	155	121
1972*								
Jan.	2 134	2 063	71	3.3	3 009	110	126	121
Feb.	2 128	2 055	73	3.4	3 927	110	137	116
March	2 126	2 053	73	3.4	4 658	119	152	125
April	2 142	2 078	64	3.0	3 774	143	114	..

## 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											
1969	38.95	15.38	3.88	15.29	2.12	32.03	12.85	3.15	10.95	3.32	36.40
1970	41.42	17.96	3.72	15.56	23.6	38.55	16.41	4.29	12.59	3.35	36.56
1971*	42.63	19.54	3.10	15.18	26.0	37.00	15.67	3.12	13.71	2.91	37.34
1970*											
Oct.-Dec.	9.07	4.23	0.44	3.24	0.78	14.62	5.79	1.79	5.24	1.23	36.56
1971*											
Jan.-Mar.	6.52	2.86	0.52	2.45	0.33	6.55	3.00	0.49	2.19	0.72	32.98
Apr.-June	13.59	5.54	1.59	5.06	0.58	7.89	3.23	0.38	3.46	0.50	37.90
July-Sept.	12.90	6.66	0.61	4.18	0.89	8.78	3.65	1.01	2.64	0.84	41.76
Oct.-Dec.	9.62	4.48	0.38	3.49	0.80	12.67	5.35	1.12	5.03	0.76	37.34

# 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 6.6, paper industry no. 27, weight 13.1, chemical industry no. 31, weight 5.2, non-metallic mineral industry no. 33, weight 3.6 and metal industry nos. 34—38, weight 23.5.

## LABOUR — TIMBER FELLINGS — INTERNAL TRADE — TRAFFIC — CONSTRUCTION OF BUILDINGS

Page 17. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Indicator of traffic activity* calculated by the Bank of Finland Institute for Economic Research. Figures are weighted averages of the sea, air, railway and road traffic. *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 and was raised in 1556 to the dignity of a Grand Duchy. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current period, March 1, 1968, to March 1, 1974, is Urho Kekkonen.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1972 were as follows: Social Democrats 55, People's Democrats 37, Centre Party 35, Conservatives 34, Finnish Farmers' Party 18, Swedish Party 10, Liberal Party 7 and Christian League 4.

## INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1958, IDA 1960, EFTA 1961, ADB 1966 and OECD 1969.

## LAND

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

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

## POPULATION

NUMBER OF INHABITANTS (1970): 4.6 million. Sweden 8.0, Switzerland 6.3, Denmark 4.9 and Norway 3.9 million.

DENSITY OF POPULATION (1970): In South Finland 43.5, in East and Central Finland 14.2, in North Finland 4.0 and in the whole country an average of 15.1 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1970): 51 % of the population inhabit the rural areas, 49 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 517 000 inhabitants, Tampere (Tammerfors) 156 400, Turku (Åbo) 153 300.

EMPLOYMENT (1970): Agriculture and forestry 23 %, industry and construction 35 %, commerce 15 %, transport and communications 7 %, services 20 %.

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

EDUCATION (1970): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640), 8 colleges of university standard, and 2 teacher training colleges, besides teacher training departments in two of the universities.

CHANGE OF POPULATION (1970): births 14.0 ‰, deaths 9.6 ‰, change — 3.7 ‰, net emigration 8.0 ‰. Deaths in France 10.6 ‰ and Great Britain 11.8 ‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1970, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 2 727 (7 %),

forestry and fishing 2 683 (7 %), manufacturing 11 643 (30 %), construction 3 667 (10 %), transport and communication 3 719 (10 %), commerce, banking and insurance 4 733 (12 %), public administration 2 228 (6 %), ownership of dwellings 1 694 (4 %), services 5 328 (14 %), total 38 422. Index of real domestic product 131 (1964 = 100).

FOREST RESOURCES (1970): The growing stock comprised 1 450 million of solid cu. m incl. bark (51 210 million cu.ft.), of which pine 43 % and spruce 38 %, the remaining 19 % being broad-leaf-trees, chiefly birch. Of the growing stock 17 411 million cu. ft. 48 % of them pine, was up to the standard required for logs The annual growth is 47 million solid cu. m green wood excl. bark (1 660 mill. cu. ft). The total removal calculated according to the use of wood was 50.7 mill on cu. m excl. bark (1 791 million cu. ft).

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

INDUSTRY (1969): Gross value of industrial production 30 676 mill. marks, number of workers 375 063, salaried employees 59 910, motive power (1968) 4.7 mill. kW. Index of industrial production 227 for 1971 (1959 = 100).

STATE RAILWAYS (Jan. 1, 1972): Length 5 874 km.

MERCHANT FLEET (July 31, 1972): Steamers 39 (43 719 gross reg. tons), motor vessels 391 (806 870 gross reg. tons), tankers 59 (733 446 gross reg. tons), sailing vessels with auxiliary engines 3 (499 gross reg. tons). Total 492 (1 584 534 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1971): Passenger cars 753 000, orries and vans 113 600, buses 8 200, others 5 200. Total 880 000.

FINNISH AIRCRAFT (May 1972): Finnish Airlines, Finnair and Kar-Air have in use 3 DC-8-62s, 2 DC-6s, 8 Super Caravelles 8 DC-9s and 7 Conair Metropolitans. Companies have scheduled traffic outside of Finland to 24 airports and to 17 domestic airports.

## FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1982 was entirely cancelled. The monetary unit is the mark (Finnish markka). Since Oct. 12, 1967, the par value of the mark is 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per U.S. dollar). Since Dec. 20, 1971 a temporary central rate of 4.10 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, 1971). There are two big and five small commercial banks with in all 833 offices, 306 savings banks, 424 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 %.

# MONETARY POLICY IN FINLAND

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This article deals with the framework, objects and tools of monetary policy in Finland. Although the term monetary policy is used in a rather broad sense, main emphasis is placed on those measures of monetary policy which are decided upon by the Bank of Finland and intended to affect economic development primarily through financial markets. In addition, similar measures on which the Bank of Finland decides only in concert with other authorities are discussed. Some of the measures at the disposal of the Bank of Finland designed primarily to influence the balance of payments, but with considerable effects on financial markets, are also considered briefly.

## THE FRAMEWORK FOR MONETARY POLICY

The circumstances in which the Bank of Finland operates differ substantially from those in countries where financial markets are well developed. The circumstances are, however, by no means unique. In most small countries and in almost all semi-industrialized and developing countries, monetary policy is carried out in conditions very similar to those in Finland.

Finland has a security market which is without macro-economic significance and no short-term money market. Consequently the authorities cannot regulate liquidity or the interest rate level through these channels. The small size of the security market does not rule out large-scale direct dealing in securities with major institutional holders, but such transactions only affect liquidity and are not automatically reflected in interest rates.

The dominant position of the deposit banks is another factor conditioning Finnish monetary policy. The over-riding importance of the two

large nation-wide commercial banks and the central banks of the savings banks and co-operative banks is in turn a major feature of the deposit banking system. In addition to these, the state-owned Post Office Bank is the only other monetary institution of major importance. Since monetary policy operates mainly on such few institutions, the individual problems of the most important banks unavoidably affect both the design and implementation of monetary policy.

There are some additional basic features of the Finnish economy which affect the character of Finnish monetary policy. These include cyclical fluctuations, which are generally stronger than in most other OECD countries. One of the primary reasons for their strength seems to lie in the one-sided export sector, which is very susceptible to cyclical fluctuations. Further, the economy is rather given to inflation. Another important feature is the need for investment in excess of what the internationally high domestic saving rate would allow in order to bring about the structural change necessary for continuously rapid economic growth. This need is reflected in a current account deficit and in the import of capital.

In earlier years fiscal policy was often passive and short-sighted, and much economic, especially counter-cyclical policy had to be taken care of with monetary policy measures. Marked improvement in the conduct of fiscal policy has come about in the last few years and has thus alleviated some of the burden on monetary policy.

The framework for monetary policy has been altered most noticeably by the gradual opening of economy over the last fifteen years. This change has taken place in both the exchange

of goods and services and capital flows. But it has been the liberalization of regulations governing short-term capital movements and the growing importance of these movements which have complicated monetary policy. The inflow and some of the outflow of long-term capital remain under regulation; nonetheless the increasing foreign contacts of Finnish firms have strengthened the influence of the international long-term capital market on the domestic economy.

## THE OBJECTS OF MONETARY POLICY

The objects of the monetary policy of the Bank of Finland are no doubt very similar to those elsewhere. These comprise rapid and balanced economic growth, high and stable employment, stable prices and adequate foreign liquidity.

The exact meaning of these concepts has not been any better defined in Finland than in most other countries. However, it is clear that opinions on what the pith of these matters are have undergone continuous change in the last few years. The change has been especially apparent in the concept of economic growth. Along with the rise in the standard of living in the traditional sense, the relative importance attached to the human environment is increasing continuously.

Not only have the exact meanings of the individual objects of monetary policy changed, but their relative ranking has as well. Policy measures are naturally always focused on points where the actual development is farthest from the desired path. Yet the weight of the different objects for monetary policy has not merely fluctuated with prevailing economic conditions; long-term changes appear also to have occurred in these relative weights. In general, the targets now seem to be more diverse, and the scope of monetary policy has been enlarged. Previously monetary policy was centred almost exclusively on the aims of maintaining adequate foreign liquidity and

stable prices. Although these targets remain important, increasing emphasis is given to economic growth and employment. The rank of stable prices among the monetary policy objects has fallen partly because it has been realised that monetary policy can only affect price and wage developments to a very limited extent and after long lags. On the other hand, it seems that the impact of monetary policy measures on income distribution has received more attention, partly on account of the role incomes policy has played recently in general economic policy.

## TOOLS OF MONETARY POLICY

The monetary policy tools used by the Bank of Finland do not differ basically from those used in other market economies, except that open-market operations, which in many countries are very important, are not possible in Finland. The institutional structure of the financial markets and other characteristics of the economy have, however, shaped the detailed features and relative importance of all monetary policy instruments.

## INTEREST RATE POLICY

Over the last twenty years interest rate policy has played only a minor role in Finnish monetary policy. The rigidity of this component of monetary policy can be attributed mainly to the harmful side-effects which are imputed to rises in the interest rate level. First, a rise in the interest rates is seen to create inflationary pressure through increases in costs, especially housing costs that are bound to interest rate variations by the variable interest rate generally applied to all loans in Finland. Any inflation that results from the rise in the interest rate level can be expected to dilute substantially the influence of the rise in nominal interest rates on saving and willingness to invest.

The fact that most claims in the Finnish financial market bear a variable rate of interest which is as a rule tied to the rate paid on

deposits, makes the effects of a change in interest rates on costs, prices and income distribution especially great. These effects are aggravated by the general tendency towards inflation. On the other hand, the prevailing interest rate level does not greatly affect the timing of investment projects, because with variable interest rates the cost of the investment depends on the average interest rate over the whole credit period and not on the rate applied at the time the credit is negotiated. The dominant position of claims bearing a variable interest rate means in addition that monetary policy cannot rely on the effects of the capital gains and losses of fixed interest claims caused by the interest rate level changes.

In light of the average rate of inflation, the interest rate level has obviously been very low in Finland since the second World War. This together with taxation which favours capital-intensive investment has no doubt channelled finance to projects which are too capital-intensive. The low interest rate level may also partly explain a capital-output ratio which is high in comparison with that in many other countries. It would seem that all these factors contribute to the tendency towards excess demand and disequilibrium in the balance of payments.

The fluctuation of the real rate of interest with the rate of inflation has been curbed somewhat by index linkages which at times have been applied fairly extensively to financial claims. Such a passive connection between the rate of inflation and the interest rate level, however, usually tends only to extend the period of inflation. There is thus reason to prefer an active interest rate policy to index linkages.

In recent years the banks have, on the basis of recommendations of the Bank of Finland, carried out interest rate differentiation according to the type of activity of the borrower or to the purpose of the loan. The highest rates are charged on credits granted for consumption and the import of consumer goods and the lowest rates on those for export and import substituting production. The aim of this kind

of differentiation has been to encourage activities considered important and to restrain those held to be less momentous.

The increasing significance of short-term international capital movements in the last fifteen years has complicated the implementation of interest rate policy. Although the effects of differences in interest rate levels in various countries do not yet seriously limit the pursuance of an independent interest rate policy in Finland, they are already important and their importance can be expected to increase still more.

As some of the effects of changing the interest rate level always run contrary to the aims set for economic policy and as it is difficult to assess the relative strength of the various effects, there usually have been overwhelming difficulties in finding the necessary political support for interest rate policy measures which are decided upon by the Bank Supervisors of Parliament.

#### REGULATION OF THE BANKS' CENTRAL BANK DEBT

As open-market operations have not been possible and the rate of interest has been so rigid, the control of the banks' central bank debt has formed the most important weapon of monetary policy in Finland in the last few decades.

Its importance lies mainly in the fact that the banks have been in considerable debt to the central bank almost continuously since the second World War. The indebtedness of the banks to the Bank of Finland can be seen to be a result of continuous excess demand for advances, which has made credit-granting important in the competition between the banks. The excess demand for credit can in turn be attributed at least partly to a low real rate of interest.

The right to resort to central bank credit is granted to the banks by the Board of Management of the Bank of Finland. At the moment



every commercial bank except the smallest is entitled to discount and rediscount bills of exchange. Moreover, the same banking institutions and the Post Office Bank have been granted central bank credit through purchases of bonds by the Bank of Finland with a repurchase obligation. The savings banks and co-operative banks are able to make use of central bank finance only through their central banks.

The methods used to regulate the central bank debt of the banks have varied, but certain key features have remained unchanged for years. The Board of Management of the Bank sets a credit quota for each bank, and the bank may then discount or rediscount bills up to this amount at the basic rate of interest set by the Bank Supervisors of Parliament. The banks have usually been allowed to exceed their quotas but a penalty rate of interest on the total amount of their central bank credit is then charged in addition to the basic rate. This penalty rate increases as the bank progressively exceeds its quota. The Bank Supervisors also determine the upper limit for the penalty rate, which has been 4 per cent in the last few years. As the official discount rate has been 7—8½ per cent, the total cost of the central bank credit has been 11—12½ per cent when the banks have been substantially above their quotas. In recent years there has been a ceiling on the amount allowed in excess of the quota, and once this has been reached the banks have been able to obtain central bank credit only through the temporary sale of bonds to the central bank. These transactions have been arranged so that the price differential corresponds to a rather high interest rate.

Changes in the size of the quotas, in the rate at which the penalty rate increases once the quota has been exceeded, and in the absolute ceiling for discounting have been used in order to affect the banks' ability and willingness to make use of central bank credit and thus to affect economic activity through credit expansion. With the exception of last year, the impact of the penalty interest rate and the

bond purchase price differential was intensified by imposing a ceiling on the average lending rate applied by banks making use of central bank credit. In this way the burden of the penalty rate of interest and the bond purchase price differential was placed on the profits of the banks.

There are many weaknesses in using the regulation of the banks' central bank credit as the main weapon of monetary policy. Perhaps the greatest of these is the considerable lag before this policy instrument can affect credit-granting and total demand. The reason for this is that the banks' credit-granting is committed rather far into the future through promises to provide credit for their customers. The measures taken to regulate the banks' central bank debt thus affect only advances which are to be negotiated subsequently. Another great weakness is that these measures mainly affect investment because the share of consumer credits in the banks' lending, although growing, is still relatively small. This means that when regulation of the banks' central bank debt is used as a major instrument in restraining total demand during upswings, indispensable structural change in the economy and thus long-term economic growth may be hampered.

#### CASH RESERVE DEPOSITS

In Finland the banks have not been obliged either by law or custom to keep permanent cash reserves with the Bank of Finland. To even out cyclical fluctuations the Bank of Finland and the banking institutions occasionally agreed in the 1950's and 1960's to create temporary cash reserve deposits. A law came into force at the beginning of 1966 that allows the Cabinet together with the central bank to compel the banks to temporarily deposit cash reserves. The law can be invoked in case no voluntary agreement is reached.

Both the legislation and all agreements made so far have been based on the principle that a bank's obligation to deposit cash reserve depends on the growth of its deposits. The

law sets upper limits for this obligation, and these limits have never been exceeded in the agreements. First, the obligation may not exceed 70 per cent of the growth of deposits from the base date. Second, the required deposit may not exceed 6 per cent of total deposits on the base date. In addition, the cash reserve deposit to be made each month cannot exceed 0.5 per cent of total deposits on the base date, which means that the maximum obligation may be met within 12 months if the growth of deposits is rapid. Only time deposits are covered by the law, but demand deposits have been included in the agreements.

The use of the cash reserve deposit system together with regulation of the banks' central bank credit has proved useful as far as this weapon directly affects the credit-granting possibilities of the savings and co-operative banks as well as those of the commercial banks and the Post Office Bank. Otherwise the cash reserve deposit system shares the disadvantages of controlling credit-granting through the regulation of the banks' central bank credit.

#### DIRECT LENDING TO THE BUSINESS SECTOR

In the 1950's direct lending by the central bank to business enterprises was confined to loans to a few permanent borrowers in the export sector. Now direct lending takes place almost exclusively in the form of special credit arrangements made in co-operation with the banks. This policy instrument has been used mainly for structural and growth policy. Arrangements such as suppliers' credits and the so-called »new export» credits have been created in order to secure finance for sectors which diversify the structure of production and are important for the balance of payments.

Direct lending usually grows during the periods when efforts are made to keep financial markets tight. This requires an even stricter position on central bank credit granted to the banks. The total amount of direct advances

has, however, never been great, and thus their aggravation of the cycle has not posed significant problems for counter-cyclical policy.

#### OTHER MONETARY POLICY INSTRUMENTS

Of other monetary policy instruments of the Bank of Finland, the selling of deposit certificates has been used extensively in the last few years in order to freeze liquidity in the central bank. According to the Regulations for the Bank of Finland, these deposit certificates can be sold only with the permission of the Bank Supervisors of Parliament which can be granted only for a set period. Deposit certificates have proved to be a very flexible and useful monetary policy weapon.

In normal circumstances the Bank of Finland has provided finance for the central government only temporarily. The financing of state expenditure by the central bank has been limited by the fear of feeding inflation, a fear that finds expression even in the Regulations for the Bank. The improvement in the planning and implementation of fiscal policy in recent years has, however, laid ground for closer financial links between the Bank of Finland and the government.

An alternative way to channel central bank finance is through special credit institutions such as the Mortgage Bank of Finland and the Industrialization Fund. This possibility has been used to some extent as a tool of structural policy. The use of this type of financing to implement counter-cyclical policy is restricted by the relatively limited capacity of these institutions to channel credits which arises partly from the very nature of their activities.

Experiments have also been made in setting ceilings of the growth of bank lending. The primary problem faced in setting ceilings on the growth of lending is the difficulty of determining the height of such ceilings. Other problems are met with in the control of the development of lending.

Monetary policy measures proper have naturally been complemented by various statements, recommendations and negotiations which, no doubt, have furthered monetary policy.

## POLICY INSTRUMENTS LINKED WITH MONETARY POLICY

### INSTRUMENTS AFFECTING FINANCIAL MARKETS

There are certain economic policy weapons available to the authorities which are analogous to monetary policy measures and the implementation of which requires either a proposal or a statement by the Bank of Finland.

This group of tools include the creation and use of investment deposits. In this arrangement firms are encouraged by tax concessions to deposit with the Bank of Finland during economic upswings a portion of the funds transferred in their accounts to a special investment fund. The funds are then released during the following recession. These measures can be used to complement monetary policy proper and to influence the business sector more directly than is possible with other tools. The weaknesses of this instrument are partly those of the regulation of the banks' central bank credit. The counter-cyclical deposits used temporarily in recent years were somewhat similar in nature.

The governmental counter-cyclical fund, the law for which came into force at the beginning of 1970, enables the transfer of state funds to a special counter-cyclical account. These funds are either kept at the Bank of Finland or invested in foreign assets. A parliamentary decision is needed to make transfers to the fund or to use it. The establishment of the state counter-cyclical scheme created one way to co-ordinate fiscal and monetary policy. An official statement from the Bank of Finland is required before a proposal on an increase in or use of this fund can be made.

The regulation of hire-purchase terms by the Cabinet has been possible in Finland since the

first part of the 1960's. The maximum loan period and minimum down payment can be determined by the Cabinet on the proposal of the Bank of Finland or after the Bank has submitted its statement on the matter. The regulation of hire-purchase terms has to some extent been used to influence demand for major durables, especially passenger cars. However, the significance of trade financed through hire-purchase, which has never been very great in Finland, has been declining in comparison with trade financed through other forms of credit. As it has also been very difficult to see that the stipulations on hire-purchase are followed, this economic policy weapon cannot be considered especially useful.

Since the statement from the Bank of Finland is needed before the Cabinet can grant a permit to issue domestic bonds, the central bank can affect the issuing activity of Finnish banks, firms and local authorities. In case the Bank opposes an issue the permit cannot be granted. As issues of non-governmental bonds have, with the exception of the most recent years, been very limited owing to unfavourable tax treatment, this instrument has not been of material importance. If the more competitive tax position of private bonds leads to increased issuing activity, this instrument may become an important complementary measure to the other tools of monetary policy.

### FOREIGN EXCHANGE POLICY MEASURES

Among the various tools of foreign exchange policy at the disposal of the Bank of Finland, the regulation of foreign capital movements is by nature most similar to domestic monetary policy actions. The Bank of Finland can be authorized by the Cabinet to regulate all outflows and inflows of capital. However, such regulation has become progressively less extensive. Thus at present the permission of the Bank of Finland is needed only for drawing credit from abroad and for direct investment into and out of Finland. Even then no permission is needed for import credits of less than six months. The significance of long-term foreign credits as a source of

finance for investments has increased continuously. Thus efficacy of monetary policy measures proper can be considerably increased by regulating the inflow of these credits. As the availability and terms of finance from abroad depend essentially on developments in international capital markets, domestic regulation alone usually cannot ensure optimal amounts or optimal timing of foreign credits. The importance of international capital movements makes at all events the close co-ordination of monetary policy proper and regulation of these movements indispensable.

Other tools of foreign exchange policy, e.g. changes in the international par value of the mark, policy on daily exchange rates within the margins and regulations concerning current payments abroad are less closely linked with monetary policy. Although the use of measures in this field is largely limited by international agreements, steps can at times be taken to supplement the current economic policy.

## THE SCOPE OF MONETARY POLICY

The tools of monetary policy in the hands of the Bank of Finland have very one-sided effects, especially if interest rate policy is not used. In this case monetary policy affects investment almost exclusively. The one-sidedness of monetary policy instruments limits the possibilities of combining monetary policy measures so that they could, in complicated economic situations, lead developments satisfactorily near the objects set.

Another weakness of the set of monetary policy instruments is that the time lags required for the measures to take effect are probably very long, although exact knowledge about their length does not yet exist. These time lags require very early implementation of monetary policy measures, which in most cases must

be formulated on the basis of forecasts. The continuous improvement in the reliability of and the length of time covered by economic forecasts is thus essential for improving the timing of monetary policy.

A third limitation of monetary policy instruments in Finland is the weakness of their effects. Although no exact measurements of the effects are at hand, it is difficult to avoid the impression that the results, especially in the field of counter-cyclical policy, have been modest in light of the amplitude of cyclical swings in the Finnish economy. The weakness is not necessarily a result of the meagreness of the theoretically achievable effect, but rather of the fact that a strong counter-cyclical policy cannot be pursued with such a one-sided set of instruments as Finnish monetary policy has without serious drawbacks. It is an open question however whether better results could be achieved only through better timing of measures.

Taking into account the one-sidedness of the monetary policy instruments, the length of the time lags and the weak impact that can be reasonably aimed at, it is clear that the objects of economic policy can be reached only to a limited extent with monetary policy alone. It should be possible to reach the goals much more fully with a co-ordinated mix of both monetary and fiscal policy measures. Well-timed and well-directed fiscal policy moves are, however, difficult to carry out, especially within the framework of a multi-party system as that in Finland.

If better results are to be attained through monetary policy and through economic policy in general it is essential that the tools of monetary policy as well as the planning of their use be improved continuously. In this context much attention must be given to the co-ordination of monetary and fiscal policy.

# ITEMS

**Supplementary budgets.** The first supplementary budget for 1972 was approved by Parliament in April and totalled 3 million marks.

The Government proposal for the second 1972 supplementary budget was passed by Parliament in June. It involved a 219 million mark rise in expenditure and a 2 million mark rise in revenue. Almost one half of the growth in expenditure consisted of a long-term, low-interest loan granted to Neste Oy to finance investments in natural gas transportation. Further, the establishment abroad of seven offices for Secretaries of Industry was sanctioned in this supplementary budget. These offices will follow technological developments in other countries, and the information thus obtained will be made available for Finnish industry through the Technical Research Centre of Finland. At the time the target prices for agricultural produce were raised, it was agreed to improve the living conditions of small-farmers in the development regions. Accordingly 30 million marks was earmarked for this purpose. To facilitate the improvement of employment, 13 million marks was granted for the maintenance of the highway network and 12 million marks for the financing of the acquisition of new railway equipment.

**Hire-purchase restrictions relaxed.** The Government decided to bring new, easier hire-purchase terms into force from July 17, 1972. In its advice to the Government on this matter, the Bank of Finland held that easier hire-purchase terms, which were made possible by recent developments in the balance of payments, would supplement present counter-cyclical policy.

Accordingly the minimum down-payment on motor-cycles, television sets, radios, record

players, tape-recorders, deep-freezers, washing machines, dishwashers, sewing machines and vacuum cleaners dropped from 40 to 20 per cent, and the maximum repayment period was raised from 12 to 18 months. The minimum down-payment on new lorries and vans was lowered from 40 to 30 per cent.

**Industrial Mortgage Bank of Finland Ltd** has raised a loan of DM 70 million. The loan has been underwritten by a consortium headed by Berliner Handels-Gesellschaft-Frankfurter-Bank. The loan period is 15 years starting July 1, 1972. The rate of interest is 7 per cent and the price of issue, 99 ¼ per cent. The bonds are quoted on the Stock Exchanges of Frankfurt o.M., Düsseldorf and Hamburg. The proceeds of the loan will be used for financing trade and industry and municipal investment.

**Domestic bond issues.** The Government has launched the 1972 issue of bonds intended for subscription by the labour pensions funds for agricultural, forestry and construction workers. The loan, with a par value of 13 million marks, has a period of ten years starting July 3, 1972, and a rate of interest of 8 ¼ per cent.

Land and Industrial Mortgage Bank Ltd has been authorized to make an issue of 10 million marks. The bonds are dated July 1, 1972 and will mature in ten years. The rate of interest is 8 ½ per cent.

Oy Kaukas Ab (woodworking industry) has been authorized to raise a loan of 20 million. The loan is current for a period of ten years starting August 1, 1972 and carries interest at a rate of 8 ½ per cent.

Rikkihappo Oy (chemical industry), which on July 1, 1972 changed its name to Kemira Oy, has been authorized to issue bonds totalling 20 million marks. The loan is current for a period of 15 years starting September 15, 1972, and the interest rate is 8 ½ per cent.

The price of issue of these loans is 100 per cent.

### **Publication of the Bank of Finland.**

»Finnish Bond Issues 1971» has been published in an edition with text and explanatory notes in Finnish, Swedish and English. It contains a detailed description of the 36 loans issued in 1971, including the seven which were denominated in foreign currency and floated abroad. In addition the introduction contains statistics on domestic and foreign bonds outstanding at the end of 1961—1971 and sales of domestic bonds in 1961—1971.

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# **BANK OF FINLAND**

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## **Board of Management**

Mauno Koivisto

*Governor, absent as  
a Member of Government*

A. Simonen

*Deputy Governor, Acting Governor*

Ahti Karjalainen

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

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## **Heads of Department**

Pauli Kanerva

*Administration*

K. Ignatius

*Personnel*

Antti Lehtinen

*Domestic financial operations*

Helge Lindström

*Credits and securities*

Kalle Koski

*Foreign credits*

P.-E. Österlund

*Direct investments and  
capital transfers*

Kari Nars

*Foreign exchange policy*

Leo Lindström

*Foreign exchange control*

Stig Törnroth

*Cash*

K. Eirola

*Automatic Data Processing*

A. Nenonen

*Foreign correspondence*

Väinö Heiskanen

*Banking services*

Eino Suomela

*Internal Audit*

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## **Institute for Economic Research**

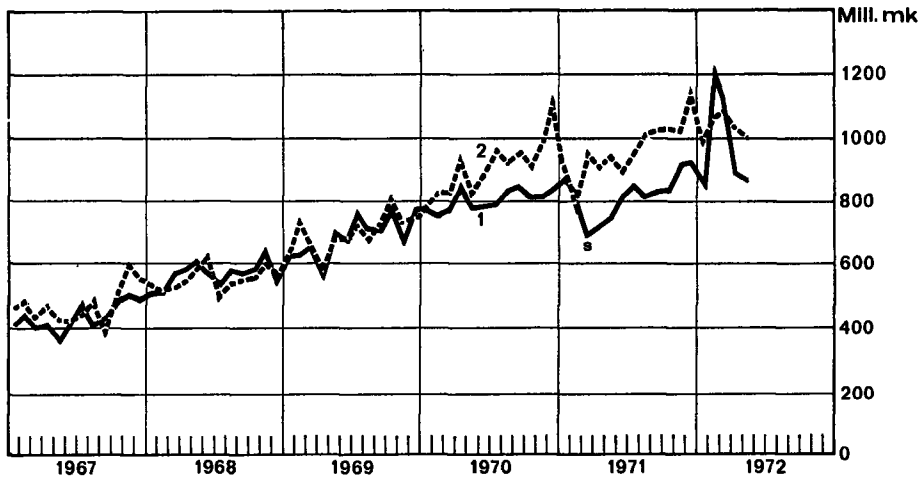
Pertti Kukkonen

*Director*

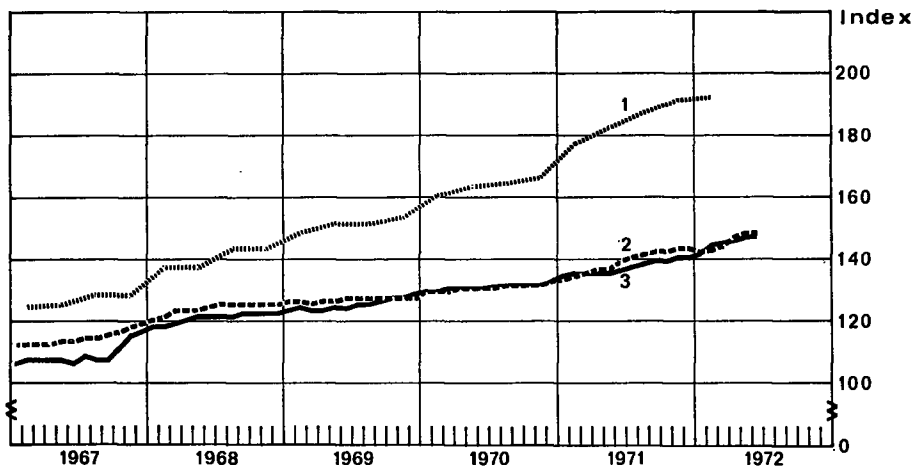
Henri J. Vartiainen

*Head of research department*

### Foreign trade, 1967 - 1972



### Prices and wages, 1967 - 1972



### Production, 1967 - 1972

