



BANK OF FINLAND

Monthly Bulletin

The budget proposal for 1984

Changes in private consumption expenditure
in Finland 1950—1982

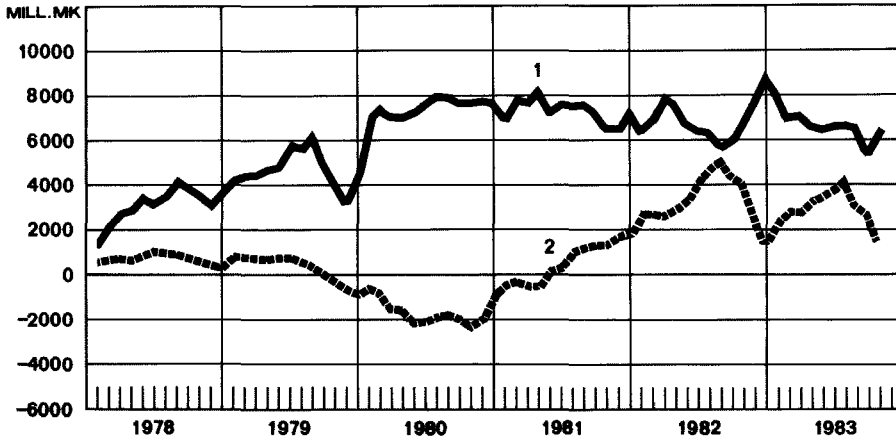
Finland's balance of payments January—
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The national agricultural policy programme

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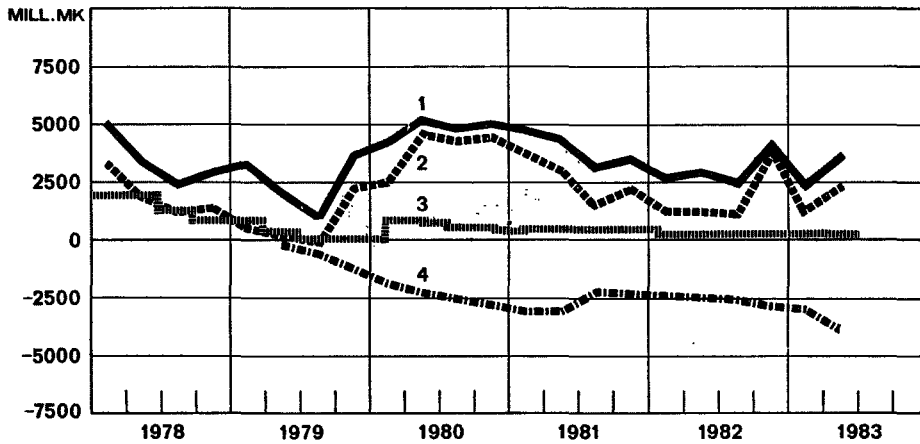
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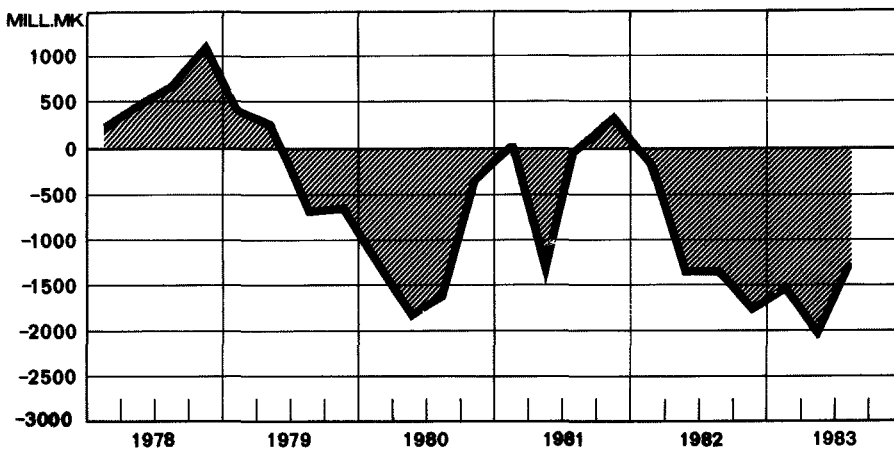
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THE BUDGET PROPOSAL FOR 1984

by Jorma Hilpinen, M.Sc. (Econ.)

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Fiscal developments in recent years have been characterized by deficits in central government finances. Policies have aimed at keeping the tax ratio constant and curbing the rise in indirect labour costs by lowering both employers' social security contributions and firms' indirect taxation. The policies pursued have, in fact, meant that the central government has foregone some of its revenue in favour of the private sector. On the other hand, the welfare reforms have been continued as planned. During the past recession, public expenditure grew considerably in order to check rising unemployment.

Central government debt has risen steeply since the mid-1970s when it was equivalent to only a few per cent of GDP. It is estimated to reach about 14 per cent of GDP at the end of 1983. In relative terms, the level of gross debt is now about the same as it was in the latter part of the 1960s. On a net basis, the central government is a net lender because of its important role as a provider of finance for housing and agriculture.

However, because of the growth of central government debt and inflation in excess of the OECD average since the end of 1980, a change in fiscal policy stance has become necessary. The budget proposal for 1984 marks a step in this direction. It has been drawn up on the assumption that there will be a mild export-led boom in the Finnish economy in 1984. The growth of GDP is expected to accelerate to some 3 per cent and bring about a fall in unemployment. The recovery is considered strong enough to justify a reorientation of policy stance on cyclical grounds as well.

A medium-term objective of economic policy, as stated in the budget proposal, is to reduce the present high level of structural unemployment. This implies, however, that price competitiveness will be good enough to ensure the growth of exports. The budget proposal therefore sets a maximum of 6 per cent as the target for the rise in consumer prices during 1984. In keeping with this target, increases in public prices and charges have been limited to 5–6 per cent.

As usual, personal income and wealth tax scales are to be adjusted for inflation. This time, however, the inflation adjustment will correspond to the target set for the rise in consumer prices in the budget year – that is 6 per cent – and not to inflation in the previous year as has been the practice in the past. This will be one factor contributing to the more restrictive tone of fiscal policy in 1984, since the year-on-year rise in consumer prices has been running at around 9 per cent in 1983¹. State revenue from sales tax will increase considerably, partly because the higher standard rate of tax – raised from 14 for 16 per cent on June 1, 1983 – will be in force for the whole year and partly because the sales tax base has been widened somewhat in the budget proposal.

The gross tax ratio will rise from 36 per cent of GDP in 1983 to 36.5 per cent in 1984, but will nevertheless remain below the medium-term ceiling of 37 per cent agreed in the

¹ Following the parliamentary debate on the budget proposal, the Government reached a compromise with the Opposition on November 25, which inter alia, raised the inflation adjustment to 8 per cent. This secured the necessary majority for the approval of the planned expenditure cuts. As a result, the financing requirement has increased by 0.3–0.4 billion marks.

Government's programme in the spring of 1983. The net tax ratio will rise by one percentage point in 1984 to 23 per cent of GDP since growth in current transfers will be restrained.

A short-term aim of the Government is to reduce the deficit in state finances so as to create more room for manoeuvre in fiscal policy once the present recovery is over. The target is that the gross financing requirement in 1984 will be smaller than in 1983. In the budget proposal the gross borrowing requirement is 10.7 billion marks, or 14.5 per cent of budgeted revenue, as compared with a gross financing requirement of about 11.5 billion marks in 1983.

The overall impact of fiscal policy on demand in 1983 has been clearly positive as a result of the measures taken in 1982 and 1983. Central government expenditure has grown by more than 6 per cent in volume terms, whereas the tax ratio is lower than in the preceding year. The net financing requirement is estimated to rise to almost 7.5 billion marks in 1983, equivalent to 3 per cent of GDP. According to the budget proposal for 1984, the net financing requirement will fall to 2 per cent of GDP. Given the rise in the tax ratio and virtually no increase in the volume of expenditures, fiscal policy will exert a clearly restrictive impact on demand in 1984.

Planned state expenditure in the budget proposal for 1984 totals 84 billion marks, 14 per cent more than in 1983. Excluding redemptions of and interest payments on central government debt, expenditure is set to grow by only 11 per cent as compared with the budget proposal for 1983.

Transfer expenditures are projected to grow by 14 per cent and their share in total expenditure to increase to 53 per cent. The acceleration in the growth of transfers is partly due to accounting and timing factors associated with a reform in the system of grants-in-aid to the local government sector. The share of central government transfers in local government

expenditure has been very large, and this has not given the municipalities sufficient incentive to curb the growth of their expenditure. Under the new scheme, the rates of state aid will be tightened so as to bring developments in local government finances more into line with fiscal policy targets.

In general, the increase in transfers due to higher expenditures on health and education will be less than before as the reforms in these areas have almost been completed. However, the growing share of old people in the population is placing increasing pressures on welfare and social security programmes. Foreign aid is set to rise to the equivalent of 0.4 per cent of GDP.

The growth of consumption and investment expenditure has been restricted to 8 and 1 per cent, respectively, in value terms. The share of these expenditures in total budgeted outlays will decline to 26 and 10 per cent, respectively. It should, however, be noted that any unexpected increase in costs will be taken into account in supplementary budgets.

Redemptions of and interest payments on central government debt in 1984 are projected to reach some 9 billion marks or 11 per cent of total expenditure; in relation to GDP this is equivalent to 3 per cent. Redemptions will rise to more than 5 billion marks in 1984. In particular, redemptions of domestic debt will more than double in 1984, thus increasing the pressure on the gross deficit. All in all, the expenditure side of the budget proposal has been designed so that the volume growth of expenditures is only 2 per cent larger than estimated cash expenditures in 1983.

In addition to cost developments, however, the central government deficit is also sensitive to the real performance of the economy in 1984, and this is still subject to uncertainties. The budget proposal for 1984 creates the preconditions for bringing the growth of central government debt to a halt. According to the assumptions of the budget proposal, central government debt will rise by only half a percentage point to 14.5 per cent of GDP.

November 21, 1983

	1982		1983				
	Nov.. 30	Dec. 31	Nov. 8	Nov. 15	Nov. 23	Nov. 30	
Assets							
Gold and foreign exchange receivables	10 735	10 552	8 301	8 368	8 465	7 883	
Gold	1 382	1 382	1 383	1 383	1 383	1 383	
Special drawing rights	531	609	535	534	537	539	
IMF reserve tranche	397	453	467	467	469	471	
Foreign bonds	752	765	393	394	327	425	
Convertible currencies	4 966	5 813	4 266	4 335	4 808	4 384	
Tied currencies	2 707	1 530	1 257	1 255	941	681	
Other foreign receivables	2 675	3 963	3 977	3 977	3 972	3 975	
Mark subscription to Finland's IMF quota	1 615	1 843	1 854	1 854	1 854	1 854	
Term receivables	1 060	2 120	2 123	2 123	2 118	2 121	
Receivables from financial institutions	6 162	5 409	9 415	10 180	9 051	9 398	
Banks' cheque accounts	316	169	465	508	357	323	
Call money market advances	3 902	3 126	6 397	7 157	6 194	6 565	
Till-money credits	857	889	1 002	948	957	953	
Bonds	1 014	1 179	1 484	1 505	1 496	1 501	
Other financial institution receivables	73	46	67	62	47	56	
Receivables from the public sector	978	1 040	1 858	1 884	1 870	1 880	
Government promissory notes	—	—	720	720	720	720	
Bonds	420	435	432	455	441	447	
Total coinage	556	559	699	702	706	709	
Other public sector receivables	2	46	7	7	3	4	
Receivables from corporations	5 098	4 990	5 096	5 121	5 170	5 160	
Financing of exports	1 921	1 788	1 842	1 877	1 940	1 940	
Financing of domestic deliveries	2 483	2 514	2 699	2 691	2 679	2 670	
Bonds	164	163	133	133	133	132	
Other corporate receivables	530	525	422	420	418	418	
Other assets	98	99	104	103	103	104	
	Total	25 746	26 053	28 751	29 633	28 631	28 400
Liabilities							
Foreign exchange liabilities	30	22	54	52	51	43	
Convertible accounts	20	17	54	52	51	43	
Tied accounts	10	5	0	0	0	0	
Other foreign liabilities	5 970	5 410	4 726	4 723	4 739	4 747	
IMF mark accounts	1 689	1 927	1 854	1 854	1 854	1 854	
Allocations of special drawing rights	726	833	861	860	865	867	
Term liabilities	3 555	2 650	2 011	2 009	2 020	2 026	
Notes and coins in circulation	5 663	6 062	6 058	6 081	6 062	6 179	
Notes	5 188	5 572	5 529	5 551	5 531	5 645	
Coins	475	490	529	530	531	534	
Deposit certificates in circulation	2 800	1 700	—	—	—	—	
Claims of financial institutions	3 387	4 791	7 336	7 104	6 124	6 101	
Banks' cheque accounts	5	6	2	0	3	1	
Call money market deposits	—	1 470	2 230	2 042	1 072	997	
Cash reserve deposits	3 128	3 132	5 015	4 999	4 999	5 053	
Capital import deposits	214	177	28	28	26	26	
Other financial institution claims	40	6	61	35	24	24	
Claims of the public sector	50	50	1 751	2 850	2 850	2 501	
Cheque accounts	1	1	1	—	0	1	
Government deposit account	—	—	1 750	2 850	2 850	2 500	
Capital import deposits	49	49	—	—	—	—	
Claims of corporations	1 667	1 687	1 942	1 941	1 922	1 911	
Deposits for investment and ship purchase	1 441	1 416	1 417	1 414	1 392	1 379	
Capital import deposits	218	265	513	515	518	520	
Other corporate claims	8	6	12	12	12	12	
Other liabilities	16	23	19	16	15	16	
Equalization accounts	1 738	1 609	2 090	2 080	2 074	2 103	
Capital accounts	4 425	4 699	4 775	4 786	4 794	4 799	
Primary capital	3 000	3 000	3 000	3 000	3 000	3 000	
Reserve fund	1 032	1 032	1 365	1 365	1 365	1 365	
Net earnings	393	667	410	421	429	434	
	Total	25 746	26 053	28 751	29 633	28 631	28 400

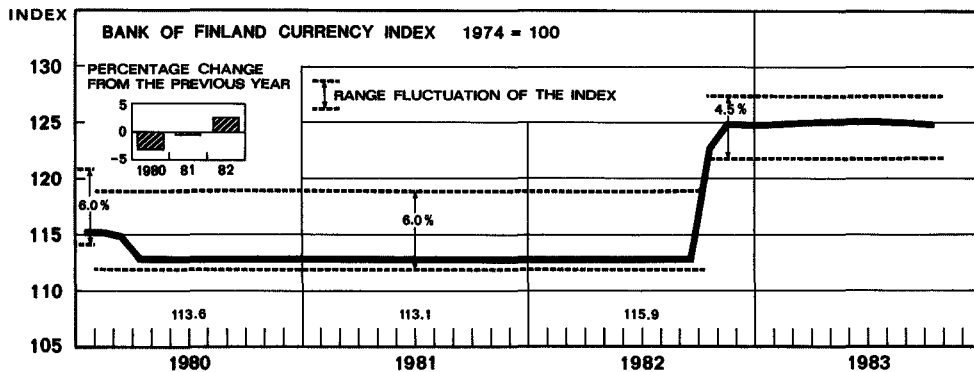
End of year of month	Foreign sector						Public sector				Deposit certificates in circulation
	Gold, SDRs, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
1979	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1980	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900
1981	2 408	1 405	3 645	7 458	1 909	-991	8 376	1 236	578	-658	1 600
1982	2 444	765	5 796	9 005	1 525	-1 447	9 083	1 040	50	-990	1 700
1982											
Oct.	2 348	709	4 042	7 099	4 128	-4 427	6 800	986	112	-874	2 000
Nov.	2 310	752	4 946	8 008	2 697	-3 295	7 410	978	50	-928	2 800
Dec.	2 444	765	5 796	9 005	1 525	-1 447	9 083	1 040	50	-990	1 700
1983											
Jan.	2 450	523	5 142	8 115	2 488	121	10 724	1 113	0	-1 113	1 580
Feb.	2 405	600	4 109	7 114	2 922	180	10 216	1 209	0	-1 209	1 650
March	2 408	278	4 560	7 246	2 919	-664	9 501	1 555	1	-1 554	1 800
April	2 407	232	4 068	6 707	3 380	-654	9 433	1 477	1	-1 476	1 650
May	2 368	379	3 842	6 589	3 575	-618	9 546	1 401	1	-1 400	950
June	2 362	181	4 166	6 709	3 927	-636	10 000	1 663	1	-1 662	750
July	2 368	214	4 206	6 788	4 330	-668	10 450	1 662	1	-1 661	1 400
Aug.	2 376	232	4 090	6 698	3 193	-722	9 169	1 697	1	-1 696	800
Sept.	2 374	268	3 000	5 642	2 762	-701	7 703	1 905	1	-1 904	800
Oct.	2 377	302	3 913	6 592	1 546	-726	7 412	1 839	0	-1 839	950
Nov.	2 393	425	4 341	7 159	681	-772	7 068	1 880	2 501	621	-

FOREIGN EXCHANGE POSITION

Mill. mk

	Net holdings, Dec. 31, 1982			Net holdings Oct. 31, 1983			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Oct.	Jan.-Oct.
Gold	1 382	-	1 382	1 383	-	1 383	-	+1
Special drawing rights	609	-	609	529	-	529	+2	-80
IMF reserve tranche	453	-	453	465	-	465	+1	+12
Foreign bonds	764	-	764	302	-	302	+34	-462
Convertible currencies	5 796	-11 049	-5 253	3 913	-12 366	-8 453	-476	-3 200
Total	9 004	-11 049	-2 045	6 592	-12 366	-5 774	-439	-3 729
Tied currencies	1 526	-215	1 311	1 546	-185	+1 361	-1 197	+50
Grand total	10 530	-11 264	-734	8 138	-12 551	-4 413	-1 636	-3 679

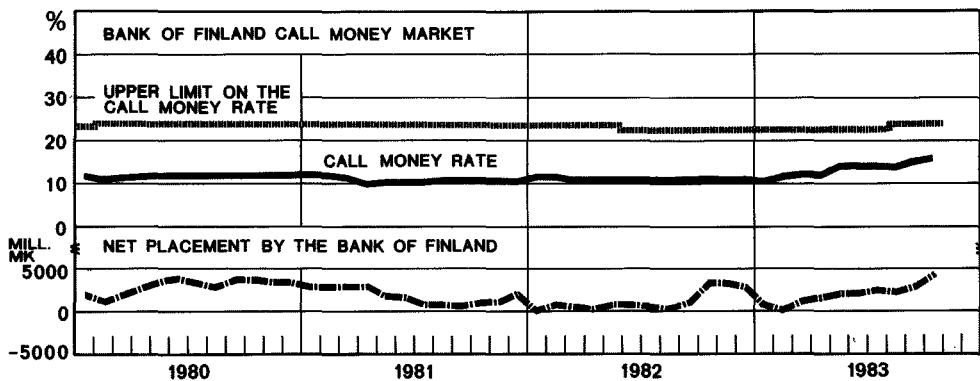
End of year or month	Domestic financial sector						Corporate sector				
	Till-money credits	Cheque account receivables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net receivables (1+2+3-4-5-6)	Permanent special financing schemes	Liabilities net	Net receivables (8-9)	Notes and coins in circulation
	1	2	3	4	5	6	7	8	9	10	11
1979	-	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1980	643	480	3 674	290	3 317	-421	1 611	3 063	642	2 421	4 954
1981	768	495	1 796	1 080	2 492	-406	-107	3 865	749	3 116	5 595
1982	889	163	3 126	1 470	3 132	-1 042	618	4 302	999	3 303	6 062
1982											
Oct.	739	328	3 867	39	3 105	-791	2 581	4 415	977	3 438	5 670
Nov.	857	311	3 902	-	3 128	-833	2 775	4 404	973	3 431	5 663
Dec.	889	163	3 126	1 470	3 132	-1 042	618	4 302	999	3 303	6 062
1983											
Jan.	899	347	708	1 308	3 254	-1 176	-1 432	4 331	994	3 337	5 711
Feb.	913	198	1 151	1 140	3 294	-1 193	-979	4 360	871	3 489	5 803
March	802	262	2 106	710	3 727	-1 233	-34	4 418	1 135	3 283	5 966
April	801	355	2 510	740	4 128	-1 221	19	4 474	1 108	3 366	5 984
May	953	356	2 919	1 071	4 772	-1 068	-547	4 452	1 086	3 366	6 042
June	998	451	2 853	1 432	4 889	-1 153	-866	4 374	1 249	3 125	6 353
July	879	317	2 984	1 383	4 948	-1 282	-869	4 369	1 337	3 032	6 301
Aug.	956	297	3 227	1 205	4 948	-1 427	-246	4 314	1 383	2 931	6 085
Sept.	852	274	5 812	2 294	4 994	-1 482	1 132	4 334	1 389	2 945	6 209
Oct.	1 032	298	5 876	2 226	5 015	-1 461	1 426	4 535	1 382	3 153	6 159
Nov.	953	322	6 565	997	5 053	-1 507	3 297	4 610	1 361	3 249	6 179



MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks mill. mk	Cash reserve deposits of the commercial banks mill. mk	Bank of Finland placements in the call money market, mill. mk	Base rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks %
	1	2	3	4	5	6	7	8	9	10
1979	2 629	820	475	447	389	321	7.46	9.74	8.99	8.03
1980	4 963	4 097	783	2 542	2 220	3 313	9.20	12.38	12.37	9.77
1981	4 087	2 754	595	2 795	2 442	2 161	9.25	11.48	11.61	9.84
1982	3 166	1 985	417	2 777	2 426	1 571	8.81	11.64	11.99	9.33
1982										
Oct.	4 412	4 148	400	3 091	2 699	3 750	8.50	11.70	13.08	8.97
Nov.	4 247	4 088	400	3 100	2 714	3 690	8.50	11.50	13.24	8.95
Dec.	4 242	3 765	400	3 119	2 723	3 367	8.50	11.50	13.30	8.95
1983										
Jan.	2 963	1 410	400	3 135	2 751	1 011	8.50	11.00	12.10	8.99
Feb.	1 853	870	400	3 240	2 853	475	8.50	12.00	11.73	8.97
March	2 718	1 807	400	3 308	2 888	1 408	8.50	13.00	13.62	8.95
April	3 256	2 065	400	3 753	3 279	1 666	8.50	13.00	13.71	8.97
May	4 000	2 668	400	4 149	3 643	2 271	8.50	15.00	14.55	9.00
June	3 858	2 708	400	4 770	4 169	2 308	8.50	15.00	14.33	9.07
July	4 438	3 024	400	4 889	4 277	2 627	9.50	15.00	14.68	10.09
Aug.	4 571	2 939	400	4 920	4 299	2 541	9.50	15.00	14.69	10.10
Sept.	5 484	4 026	400	4 945	4 305	3 627	9.50	16.67	16.14	10.16
Oct.	6 831	5 048	400	4 984	4 345	4 651	9.50	16.95	16.75	..
Nov.	6 922	5 236	400	5 008	4 362	4 837	9.50	16.70

¹ End of period.



FORWARD EXCHANGE MARKETS IN FINLAND

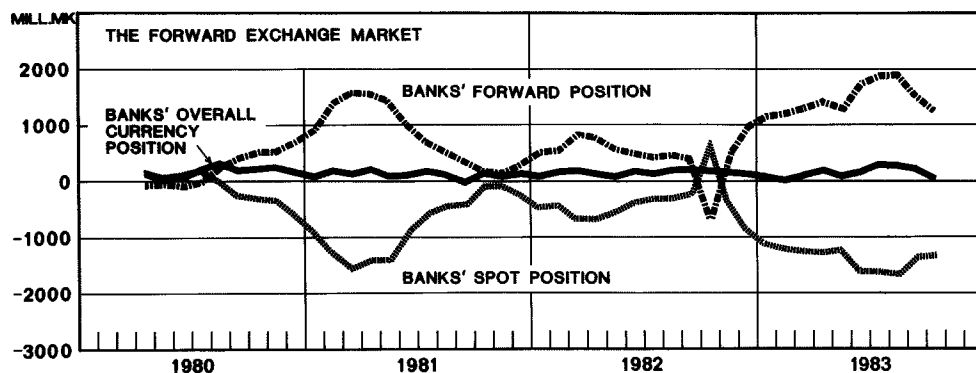
Period	Banks' forward positions in mill. mk with						Banks' forward selling rates for USD		
	Domestic firms			Foreign banks	Bank of Finland	Overall	Deviation from spot rate, per cent per annum		
	Assets	Liabilities	Net	Net	Net	Net	1 month	3 months	6 months
	1	2	3	4	5	6	7	8	9
1981	5 183.0	1 619.8	3 563.2	-581.0	-2 346.3	583.5	-4.4	-4.1	-3.6
1982	11 128.0	2 116.7	9 011.4	-865.1	-6 827.2	1 104.0	3.9	3.8	3.4

1982

May	6 035.1	1 950.0	4 085.1	-486.4	-2 953.6	559.9	-1.3	-1.1	-1.1
June	5 942.0	1 703.4	4 238.6	-704.5	-2 797.7	637.3	-1.7	-1.7	-1.6
July	5 781.5	1 653.2	4 128.3	-871.0	-3 004.6	322.1	-0.6	-0.9	-1.3
Aug.	7 045.1	1 679.3	5 365.8	-854.4	-4 114.5	309.8	2.4	1.8	1.0
Sept.	6 618.6	2 282.4	4 336.1	-711.3	-3 947.8	-306.9	2.6	2.6	2.3
Oct.	6 898.2	2 557.1	4 341.1	-805.2	-3 937.2	-395.9	4.0	4.1	4.0
Nov.	8 921.5	2 199.9	6 721.6	-692.8	-5 027.6	917.4	4.7	4.6	4.5
Dec.	11 128.0	2 116.7	9 011.4	-865.1	-6 827.2	1 104.0	3.9	3.8	3.4

1983^r

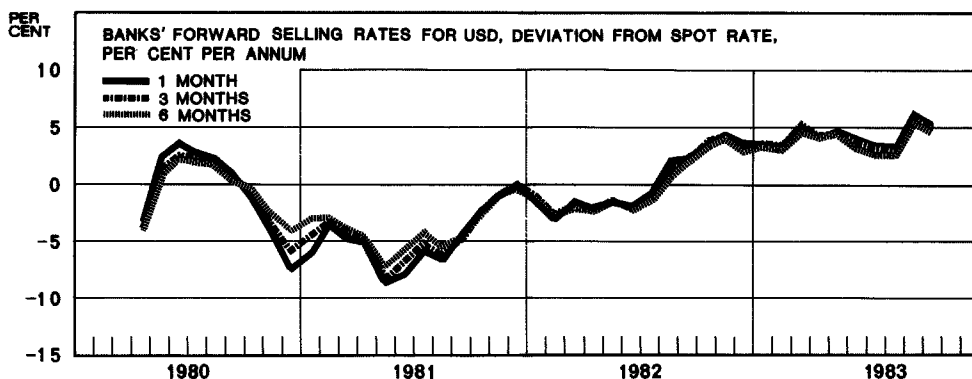
Jan.	11 278.4	2 201.3	9 077.1	-732.6	-6 643.3	1 544.4	3.8	3.9	3.7
Feb.	10 442.1	2 156.4	8 285.8	-947.4	-6 006.7	1 232.6	3.7	3.8	3.4
March	10 556.9	2 088.0	8 468.9	-713.5	-5 915.7	1 761.7	5.4	5.4	5.0
April	10 064.2	2 007.9	8 056.3	-718.9	-5 591.5	1 573.1	4.3	4.4	4.3
May	9 943.9	1 993.5	7 950.4	-677.3	-5 378.1	1 782.3	4.9	4.8	4.7
June	9 466.8	1 811.0	7 655.8	-1 048.1	-4 590.2	1 744.6	4.3	4.1	3.5
July	9 149.7	1 808.8	7 341.0	-1 156.7	-3 938.6	1 813.6	3.7	3.6	2.9
Aug.	8 487.6	1 913.7	6 573.9	-996.4	-3 511.9	1 500.6	3.6	3.3	2.8
Sept.	7 697.4	2 072.6	5 624.8	-1 231.8	-3 084.1	941.0	6.5	6.1	5.7
Oct.	7 964.3	2 064.2	5 900.1	-1 291.5	-2 540.6	1 715.5	5.5	5.2	4.8



FOREIGN EXCHANGE RATES

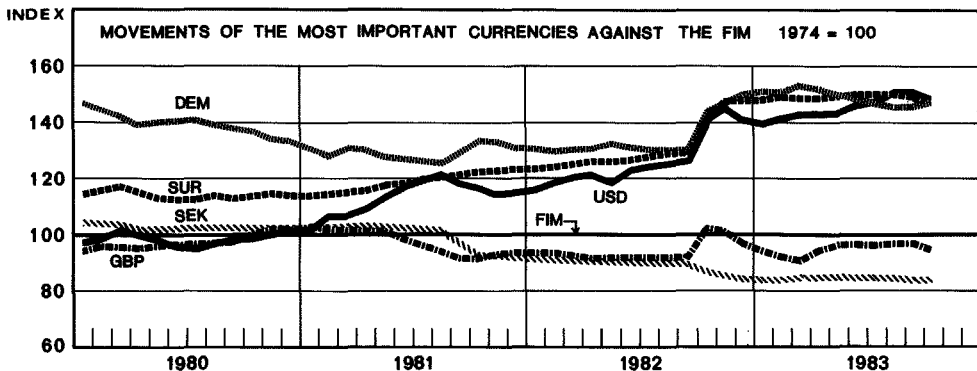
Average selling rates for foreign exchange, mk

Period	New York 1 US \$ USD	Montreal 1 C \$ CAD	London 1 £ GBP	Dublin 1 Ir£ IEP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Amsterdam 100 Hfl NLG	Brussels 100 FB BEC BEL	
	1	2	3	4	5	6	7	8	9	10	11
1978	4.117	3.617	7.917		91.43	78.93	75.06	205.53	190.77	13.152	12.959
1979	3.896	3.330	8.275		91.12	77.22	74.38	212.75	194.43	13.338	12.979
1980	3.730	3.194	8.691	7.689	88.43	75.81	66.53	205.58	188.02	12.818	12.635
1981	4.315	3.602	8.731	6.976	84.74	75.54	60.96	191.31	173.43	11.688	11.095
1982	4.820	3.913	8.423	6.854	77.03	74.84	57.93	198.76	180.66	10.584	9.859
1982											
Sept.	4.806	3.897	8.247	6.595	77.34	69.80	54.73	192.36	175.57	9.993	9.602
Oct.	5.358	4.362	9.104	7.223	75.18	74.80	60.21	212.11	194.50	10.952	10.472
Nov.	5.534	4.519	9.045	7.371	73.82	76.51	61.85	216.80	198.78	11.168	10.823
Dec.	5.353	4.331	8.673	7.390	72.92	76.25	62.86	221.55	200.75	11.297	10.980
1983											
Jan	5.317	4.332	8.397	7.417	72.78	75.57	63.27	222.95	202.42	11.370	10.869
Feb.	5.389	4.395	8.270	7.391	72.62	75.88	62.91	222.26	201.55	11.314	10.898
March	5.429	4.433	8.112	7.362	72.75	75.80	63.08	225.76	202.86	11.475	10.886
April	5.436	4.417	8.389	7.061	72.74	76.28	62.87	223.29	198.24	11.212	11.103
May	5.445	4.433	8.579	6.985	72.74	76.65	61.92	220.91	196.45	11.070	11.041
June	5.546	4.503	8.608	6.878	72.72	76.46	60.84	217.76	194.30	10.902	10.866
July	5.592	4.544	8.558	6.840	72.80	76.47	60.25	216.44	193.48	10.816	10.762
Aug.	5.714	4.637	8.590	6.753	72.82	76.70	59.45	213.97	191.29	10.678	10.631
Sept.	5.713	4.642	8.575	6.727	72.65	77.04	59.64	214.38	191.70	10.632	10.513
Oct.	5.646	4.589	8.465	6.742	72.68	77.24	60.06	217.30	193.69	10.670	10.509
Nov.	5.754	4.661	8.511	6.686	72.83	77.19	59.56	214.73	191.61	10.574	10.474



Average selling rates for foreign exchange, mk

Zurich 100 Sfr CHF	Paris 100 FF FRF	Rome 100 Lit ITL	Vienna 100 ÖS ATS	Lisbon 100 Esc PTE	Reykjavik 100 lkr ISK	Madrid 100 Ptas ESP	Tokyo 100 Y JPY	Moscow 1 Cl Rbl SUR	I special drawing right SDR	Currency index 1974=100
12	13	14	15	16	17	18	19	20	21	22
231.83	91.77	0.489	28.45	9.55	1.57	5.42	1.983	6.037	5.136 33	117.2
234.36	91.88	0.473	29.19	8.13	1.14	5.84	1.797	5.941	5.016 78	117.3
222.87	88.65	0.440	28.90	7.60	0.81	5.25	1.662	5.741	4.842 55	113.6
220.34	79.92	0.385	27.17	7.17	60.35	4.72	1.967	5.986	5.071 40	113.1
237.79	73.65	0.358	28.31	6.13	40.79	4.41	1.943	6.624	5.305 63	115.9
225.33	68.26	0.343	27.40	5.53	33.51	4.27	1.834	6.522	5.179 44	113.1
247.28	75.17	0.374	30.21	6.02	35.48	4.67	1.983	7.219	5.724 37	122.8
252.26	76.87	0.378	30.92	6.07	34.70	4.67	2.096	7.434	5.896 66	125.1
261.40	78.33	0.385	31.52	5.90	32.80	4.27	2.217	7.446	5.847 79	125.0
270.53	78.77	0.389	31.79	5.79	29.19	4.21	2.289	7.450	5.839 47*	125.0
267.72	78.50	0.387	31.66	5.90	28.34	4.17	2.287	7.506	5.865 51*	125.1
263.75	77.75	0.383	32.13	5.82	26.65	4.09	2.287	7.498	5.884 85*	125.2
264.97	74.60	0.376	31.78	5.59	25.76	4.02	2.294	7.489	5.876 34*	125.2
264.63	73.58	0.373	31.41	5.56	24.71	3.97	2.321	7.496	5.885 82*	125.2
262.74	72.53	0.368	30.93	5.29	20.55	3.89	2.313	7.529	5.915 65*	125.2
264.53	72.13	0.367	30.80	4.76	20.49	3.80	2.331	7.550	5.934 78*	125.3
264.52	71.24	0.361	30.47	4.69	20.67	3.79	2.342	7.559	5.991 35*	125.2
264.40	71.10	0.358	30.53	4.64	20.63	3.77	2.359	7.507	5.995 33*	125.2
267.91	71.25	0.359	30.93	4.59	20.49	3.75	2.430	7.439	5.989 58	125.0
265.52	70.72	0.355	30.53	4.55	20.72	3.74	2.452	7.438	6.043 58	125.1



DEPOSITS BY THE PUBLIC

Mill. mk

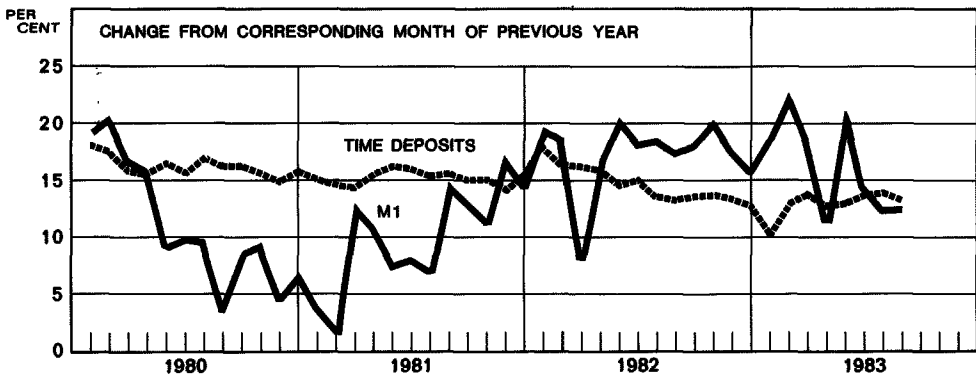
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	10
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584
1980	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180
1981	5 791	2 879	2 952	11 622	26 094	22 937	18 598	7 448	75 077	86 699
1982*	7 155	3 874	3 049	14 078	29 260	25 833	21 040	8 665	84 798	98 876

1982*

Aug.	5 999	3 460	3 682	13 141	27 329	24 895	20 213	8 324	80 761	93 902
Sept.	6 439	3 525	3 480	13 444	27 382	24 950	20 270	8 280	80 882	94 326
Oct.	6 093	3 654	3 807	13 554	27 894	25 102	20 437	8 304	81 737	95 291
Nov.	6 742	3 599	3 325	13 666	27 782	25 111	20 417	8 390	81 700	95 366
Dec.	7 155	3 874	3 049	14 078	29 260	25 833	21 040	8 665	84 798	98 876

1983*

Jan.	7 118	3 749	3 919	14 786	29 243	26 185	21 402	8 707	85 537	100 323
Feb.	6 394	3 700	3 914	14 008	29 953	26 624	21 920	8 781	87 278	101 286
March	6 333	3 696	3 384	13 413	30 144	26 684	22 029	8 865	87 722	101 135
April	5 918	3 788	3 917	13 623	30 469	26 945	22 163	8 840	88 417	102 040
May	7 315	4 088	4 037	15 440	30 895	27 180	22 264	8 985	89 324	104 764
June	7 126	3 998	4 150	15 274	31 388	27 685	22 650	9 071	90 794	106 068
July	6 194	4 084	4 346	14 624	31 400	27 999	22 899	9 304	91 602	106 226
Aug.	6 974	4 128	4 331	15 433	31 181	28 135	23 013	9 293	91 622	107 055
Sept.	6 959	4 185	4 324	15 468	31 167	28 230	23 194	9 387	91 978	107 446



ADVANCES TO THE PUBLIC – MONEY SUPPLY

Mill. mk

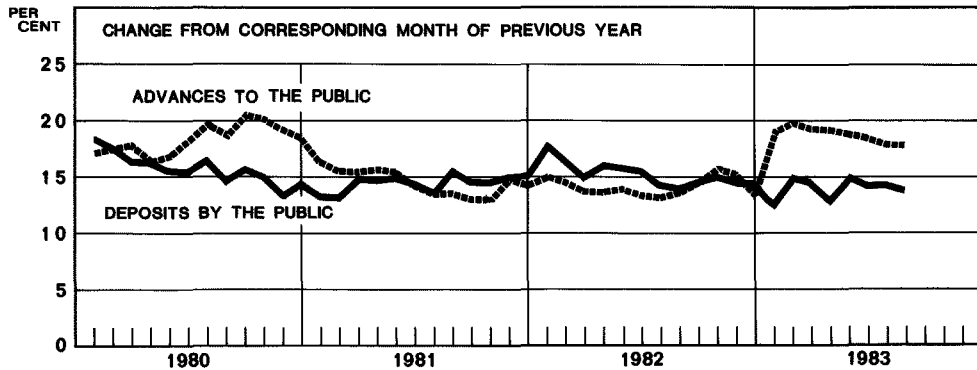
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ + Quasi-Money
	1	2	3	4	5	6	7		8	9
1979	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157
1980	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	14 979	81 601
1981	40 462	22 009	20 059	11 135	80 817	2 877	9 971	93 665	17 186	94 577
1982*	48 282	25 682	23 601	12 683	93 011	3 467	13 770	110 248	19 917	107 549

1982*

Aug.	43 314	24 250	22 260	11 514	88 026	3 682	9 630	101 338	18 652	102 090
Sept.	44 472	24 674	22 611	11 887	89 645	3 881	10 118	103 644	18 958	102 482
Oct.	46 174	25 069	22 964	12 295	91 156	3 813	11 533	106 502	19 091	103 523
Nov.	47 033	25 408	23 252	12 485	92 269	3 927	11 982	108 178	18 982	103 579
Dec.	48 282	25 682	23 601	12 683	93 011	3 467	13 770	110 248	19 917	107 549

1983*

Jan.	49 470	25 964	23 797	13 038	93 890	4 250	14 129	112 269	20 333	108 488
Feb.	50 391	26 216	23 998	13 093	94 894	4 495	14 309	113 698	19 861	109 709
March	50 364	26 474	24 262	12 766	95 658	4 569	13 639	113 866	19 401	110 101
April	51 368	26 685	24 415	12 842	96 653	4 744	13 913	115 310	19 374	110 890
May	52 093	27 075	24 733	12 909	97 926	4 451	14 433	116 810	21 325	113 729
June	52 244	27 460	25 095	13 072	98 918	4 699	14 254	117 871	21 362	115 242
July	52 034	27 711	25 371	13 193	99 492	4 666	14 151	118 309	20 634	115 283
Aug.	52 299	28 101	25 787	13 348	100 310	4 761	14 464	119 535	21 011	115 625
Sept.	53 190	28 594	26 228	13 456	102 157	4 898	14 413	121 468	21 403	116 469



STATE FINANCES

Mill. mk

Revenue	Jan.-Sept.		Expenditure	Jan.-Sept.	
	1982	1983		1982	1983
Income and wealth tax (net)	11 330	13 702	Wages, salaries, pensions etc.	7 807	8 922
Gross receipts	31 536	36 900	Repair and maintenance	967	1 147
Refunds & local authorities	-20 206	-23 198	Other consumption expenditure	4 634	5 398
Other taxes on income and wealth	276	338	Total consumption expenditure	13 408	15 467
Employers' child allowance payments	1	1	State aid to local authorities	9 869	11 379
Sales tax	11 257	12 656	State aid to industries	6 997	5 977
of which: agric. price subsidies			of which: agric. price subsidies	3 047	2 945
Customs duties and import charges and levies	1 208	1 171	Child allowances	1 316	1 656
Excise duties	8 271	7 572	Share in national pensions and sickness insurance schemes	619	1 860
Excise duty on alcoholic bevs.	2 455	2 744	Deficit of State enterprises	917	976
Excise duty on tobacco	1 026	1 110	Other transfer expenditure	5 978	6 980
Excise duty on liquid fuel	2 508	2 694	Total transfer expenditure	25 696	28 828
Other excise duties	2 282	1 024	Machinery and equipment	1 229	1 264
Tax on autom. and motor-cycles	1 378	1 819	Construction of buildings	594	777
Stamp duties	1 014	1 226	Land and waterway construction	1 617	1 725
Special diesel etc. vehicles tax	166	204	Total real investment	3 440	3 766
Other taxes and similar revenue	1 035	1 245	Interest on State debt	1 660	2 472
Total taxes	35 936	39 934	Other expenditure	21	9
Miscellaneous revenue	2 857	3 409	Total other expenditure	1 681	2 481
Interest, dividends etc.	1 159	1 358	Increase in inventories	-342	320
Surplus of state enterprises	885	1 168	Lending	2 906	3 144
Redemptions of loans granted	722	1 187	Other financial investment	437	521
Total revenue	41 559	47 056	Total expenditure	47 226	54 527
Foreign borrowing	3 304	3 331	Redemption of foreign loans	604	1 657
Domestic borrowing	2 988	5 221	Redemption of domestic loans	1 677	1 390
Total borrowing	6 292	8 552	Total redemptions	2 281	3 047
Deficit (+) or surplus (-)	1 656	1 966			
Total	49 507	57 574	Total	49 507	57 574

State debt	1981	1982	1983			
	Dec.	Dec.	July	Aug.	Sept.	Oct.
Foreign debt	13 331	18 807	20 232	20 553	21 024	21 515
Long-term debt	8 762	11 378	14 406	14 774	15 202	15 467
Short-term credit	9	63	135	153	155	167
Domestic debt	8 771	11 441	14 541	14 927	15 357	15 634
Total State debt	22 102	30 248	34 773	35 480	36 381	37 149
Total debt mill. \$	5 052	5 651	6 218	6 209	6 368	6 580

FOREIGN TRADE

Mill. mk

Value, mill. mk

Period	Value, mill. mk		
	Exports f.o.b	Imports c.i.f.	Surplus of exports (+) or imports (-)
1978	35 206	32 338	+2 868
1979	43 430	44 222	-792
1980	52 795	58 250	-5 455
1981	60 308	61 269	-961
1982	63 026	64 751	-1 725

1982

Sept.	4 785	5 004	-219
Oct.	5 625	5 858	-233
Nov.	6 338	6 174	+164
Dec.	6 025	7 351	-1 326

1983*

Jan.	5 025	5 551	-526
Feb.	5 604	5 073	+531
March	6 257	5 731	+526
April	5 736	5 705	+31
May	6 165	6 245	-80
June	5 293	5 339	-46
July	5 682	5 796	-114
Aug.	5 141	5 510	-369
Sept.	5 483	6 518	-1 035

Jan.-Sept.

1982	45 038	45 368	-330
1983*	50 386	51 468	-1 082

Indices of exports and imports
1980 = 100

Period	Indices of exports and imports 1980 = 100				Terms of trade
	Volume		Unit value		
	Exports	Imports	Exports	Imports	
1978	84	75	80	74	108
1979	92	89	90	86	105
1980	100	100	100	100	100
1981	103	94	111	112	99
1982	101	95	118	117	101

1981

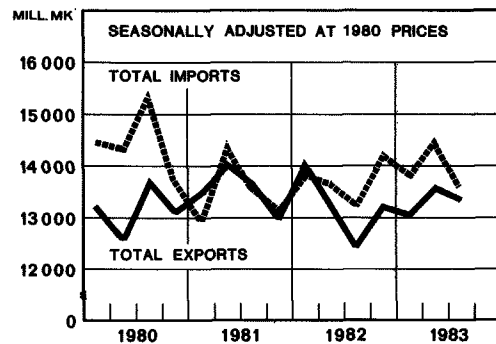
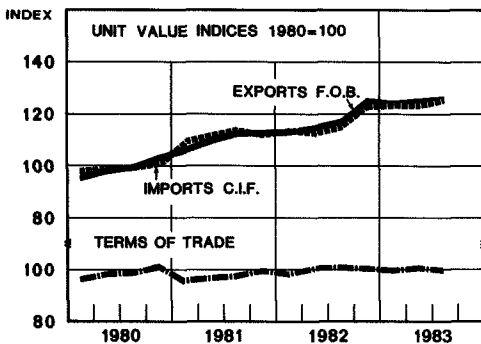
July-Sept.	95	94	113	115	99
Oct.-Dec.	108	100	114	113	100

1982

Jan.-March	107	88	114	115	99
Apr.-June	102	92	116	114	101
July-Sept.	86	90	118	116	101
Oct.-Dec.	108	107	126	125	101

1983*

Jan.-March	102	90	125	125	100
Apr.-June	104	96	126	124	101
July-Sept.	98	97	127	126	100



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and intermediate goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1978	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52
1979	1 366	6 073	12 992	10 342	12 657	28 878	3 401	5 719	6 133	91
1980	1 403	7 742	15 751	11 546	16 353	38 622	4 088	7 989	7 440	111
1981	2 036	6 852	17 127	14 858	19 435	39 156	5 115	8 877	8 015	106
1982	1 676	6 278	17 502	18 908	18 662	41 144	4 869	9 195	9 130	413

1982

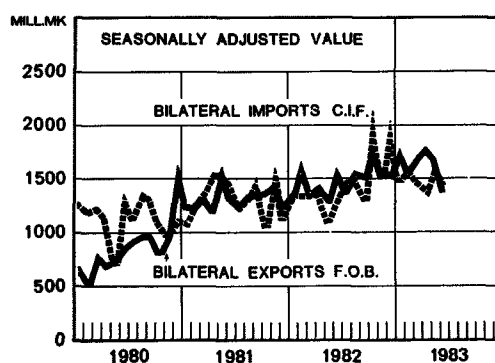
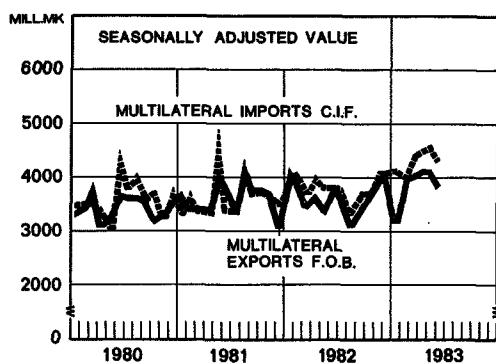
Sept.	64	517	1 375	1 346	1 483	3 158	391	640	771	44
Oct.	62	566	1 586	1 724	1 687	3 607	559	764	845	83
Nov.	56	596	1 355	2 674	1 657	3 602	657	975	895	45
Dec.	266	631	1 522	2 165	1 441	4 744	590	984	882	151

1983*

Jan.	59	466	1 313	1 719	1 468	3 411	348	825	921	46
Feb.	337	563	1 421	1 535	1 748	3 216	248	665	901	43
March	317	579	1 668	1 927	1 766	3 527	227	1 016	947	14
April	78	595	1 547	1 546	1 970	3 369	270	1 010	1 046	10
May	257	654	1 473	1 953	1 828	3 976	323	976	959	11
June	68	577	1 495	1 605	1 548	3 276	440	842	728	53
July	68	562	1 567	1 831	1 654	3 454	561	1 022	703	56
Aug.	58	492	1 682	1 123	1 786	3 512	440	682	833	43
Sept.	43	534	1 749	1 499	1 658	4 107	701	852	847	11

Jan.-Sept.

1982	1 292	4 485	13 039	12 345	13 877	29 191	3 063	6 472	6 508	134
1983*	1 285	5 022	13 915	14 738	15 426	31 848	3 558	7 890	7 885	287



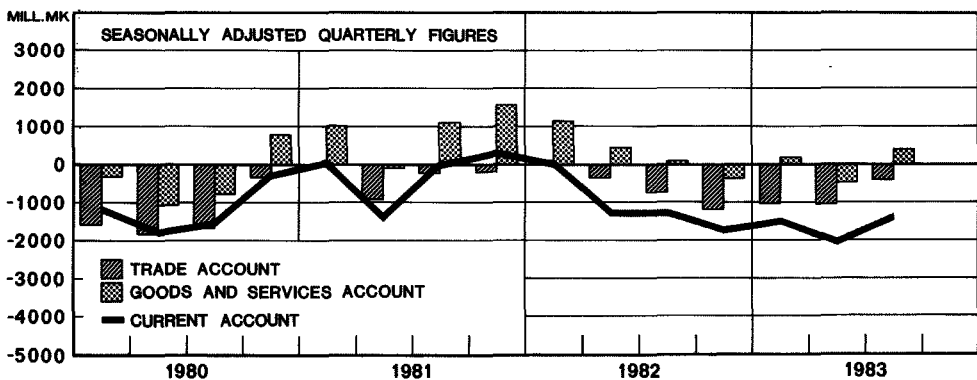
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January–September				January–September			
	1982*		1983*		1982*		1983*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	55.6	25 057	55.2	27 807	53.3	24 163	52.2	26 881
Austria	0.7	306	0.7	368	1.3	595	1.2	625
Belgium and Luxembourg	1.4	626	1.6	820	1.8	802	1.8	932
Denmark	3.9	1 779	3.5	1 764	2.4	1 082	2.5	1 299
France	4.1	1 848	4.3	2 142	3.3	1 480	3.3	1 720
Federal Republic of Germany	9.5	4 262	9.8	4 952	13.4	6 080	13.6	6 977
Italy	1.9	868	1.9	949	2.7	1 208	3.2	1 620
Netherlands	3.2	1 439	4.2	2 116	2.7	1 229	2.7	1 394
Norway	4.1	1 873	3.4	1 726	2.2	983	2.4	1 225
Portugal	0.2	104	0.2	117	0.6	284	0.7	340
Spain	0.8	363	0.7	368	0.6	290	0.7	373
Sweden	12.2	5 479	11.7	5 899	12.6	5 718	11.1	5 707
Switzerland	1.4	625	1.4	696	1.7	773	1.7	863
United Kingdom	10.5	4 729	10.4	5 248	7.4	3 356	6.8	3 478
Other	1.7	756	1.4	642	0.6	283	0.5	328
OECD countries outside Europe	5.9	2 628	6.5	3 238	11.7	5 291	12.6	6 488
Canada	0.8	359	0.6	304	0.8	377	0.7	370
Japan	1.2	532	1.2	603	4.1	1 878	5.7	2 946
United States	2.9	1 291	3.7	1 861	6.4	2 878	5.7	2 943
Other	1.0	446	1.0	470	0.4	158	0.5	229
CMEA countries	28.4	12 806	28.3	14 316	26.6	12 082	28.0	14 389
Czechoslovakia	0.4	173	0.4	195	0.6	262	0.5	237
German Democratic Republic	0.5	232	0.5	230	0.6	282	0.6	317
Poland	0.1	62	0.1	72	1.6	705	1.2	627
Soviet Union	26.2	11 810	26.9	13 577	22.9	10 409	25.1	12 893
Other	1.2	529	0.4	242	0.9	424	0.6	315
Latin America	1.2	522	1.7	900	2.3	1 064	2.3	1 244
Argentina	0.2	69	0.1	54	0.2	74	0.1	72
Brazil	0.3	129	0.3	145	0.7	343	0.7	340
Colombia	0.1	64	0.1	74	0.5	243	0.5	237
Other	0.6	260	1.2	627	0.9	404	1.0	595
Other	8.9	4 025	8.3	4 125	6.1	2 768	4.9	2 466
GRAND TOTAL	100.0	45 038	100.0	50 386	100.0	45 368	100.0	51 468
of which								
EFTA countries	18.8	8 455	17.6	8 867	18.5	8 413	17.1	8 798
EEC countries	35.8	16 138	36.7	18 498	34.1	15 471	34.5	17 734
OECD countries	61.5	27 685	61.6	31 045	64.9	29 454	64.8	33 370

BALANCE OF PAYMENTS

Period	Exports f.o.b.	Imports c.i.f.	Trade account	Transport. net	Travel. net	Other services, net	Goods and services account	Invest- ment income, net	Un- required transfers, net	Other, net	Current account
1979	43 302	44 430	-1 128	+3 010	+157	+359	+2 398	-2 840	-430	+111	-761
1980	52 860	58 315	-5 455	+3 064	+320	+587	-1 484	-3 308	-454	+91	-5 155
1981	60 260	61 697	-1 437	+3 261	+405	+1 286	+3 515	-4 359	-499	+132	-1 211
1982*	62 943	65 168	-2 225	+2 934	-286	+811	+1 234	-5 446	-626	+140	-4 698
1980											
July-Sept.	12 864	15 643	-2 779	+855	+298	+100	-1 526	-765	-102	+34	-2 359
Oct.-Dec.	14 738	15 035	-297	+764	+45	+66	+578	-1 033	-83	+7	-531
1981*											
Jan.-March	14 469	13 623	+846	+857	-87	+150	+1 766	-984	-130	+9	+661
Apr.-June	15 489	15 810	-321	+801	+78	-100	+458	-1 252	-127	+48	-873
July-Sept.	14 100	15 737	-1 637	+856	+443	+466	+128	-1 023	-109	+53	-951
Oct.-Dec.	16 202	16 527	-325	+747	-29	+770	+1 163	-1 100	-133	+22	-48
1982*											
Jan.-March	16 082	14 858	+1 224	+703	-156	+350	+2 121	-1 083	-182	-11	+845
Apr.-June	15 587	15 390	+197	+719	-85	+181	+1 012	-1 688	-163	+44	-795
July-Sept.	13 311	15 420	-2 109	+773	+149	+327	-860	-1 357	-135	+61	-2 291
Oct.-Dec.	17 963	19 500	-1 537	+739	-194	-47	-1 039	-1 318	-146	+46	-2 457
1983*											
Jan.-March	16 860	16 463	+397	+761	-290	+629	+1 497	-1 553	-217	-27	-300
Apr.-June	17 158	17 535	-377	+801	-227	+55	+252	-1 482	-148	+19	-1 359
July-Sept.	16 267	17 930	-1 663	+859	+17	+353	-434	-1 570	-140	+26	-2 118



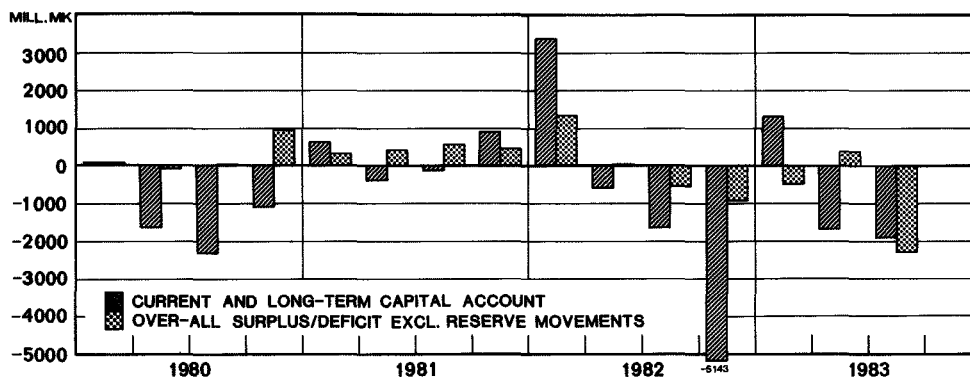
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Prepayments and liabilities related to imports	Prepayments and receivables related to exports	Short-term capital of authorized banks, net ²	Miscellaneous, short-term capital terms, incl. errors and omissions ²	Over-all surplus deficit excl. reserve movements ²	Bank of Finland foreign exchange reserves
+6 230	-4 843	-541	-337	+509	-252	+831	-834	+1 211	-834 ³	+122	-122
+5 183	-4 140	-433	-428	+182	-4 973	+3 255	-967	+3 930	-250 ³	+995	-995
+8 312	-4 643	-518	-826	+2 325	+1 114	-1 067	+437	-406	+1 725 ³	+1 803	-1 803
+10 213	-4 721	-1 239	-3 634	+619	-4 079	-2 003	+1 235	+1 798	+2 923	-126	+126
+1 126	-913	-36	-146	+31	-2 328	+711	-452	+1 189	+934	+54	-54
+873	-1 117	-187	-131	-562	-1 093	+744	-452	+557	+1 197	+953	-953
+1 404	-955	-227	-235	-13	+648	-473	+789	-163	-492 ³	+309	-309
+1 948	-1 213	+11	-233	+513	-360	+867	+790	-21	-846	+430	-430
+1 932	-797	-91	-200	+844	-107	+95	-571	-822	+1 993	+588	-588
+3 028	-1 678	-211	-158	+981	+933	-1 556	-571	+600	+1 070	+476	-476
+3 637	-806	-114	-165	+2 552	+3 397	-898	+569	-1 509	-247	+1 312	-1 312
+2 332	-1 555	-328	-298	+151	-644	+134	+571	+108	-124	+45	-45
+1 859	-883	-127	-247	+602	-1 689	-586	+48	-516	+2 199	-544	+544
+2 385	-1 477	-670	-2 924	-2 686	-5 143	-653	+47	+3 715	+1 095	-939	+939
+2 985	-1 271	+100	-182	+1 632	+1 332	-535	-188	-1 214	+123	-482	+482
+2 435	-2 895	+273	-200	-387	-1 746	+815	-188	+699	+817	+397	-397
+1 479	-1 269	+50	-55	+205	-1 913	+857	-753	-707	+203	-2 313	+2 313

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

¹ Including direct investment, net.

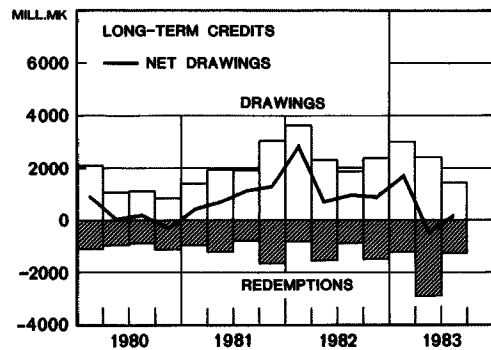
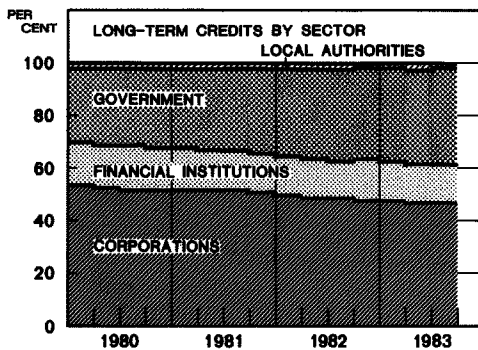
² Reserve movements of other foreign exchange holders have been transferred to the short-term capital account. The short-term capital of the authorized banks is shown separately.

³ Including allocations of special drawing rights: 139 million in 1979, 133 million in 1980 and 131 million in 1981.

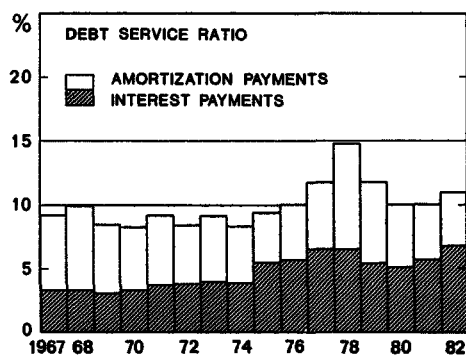
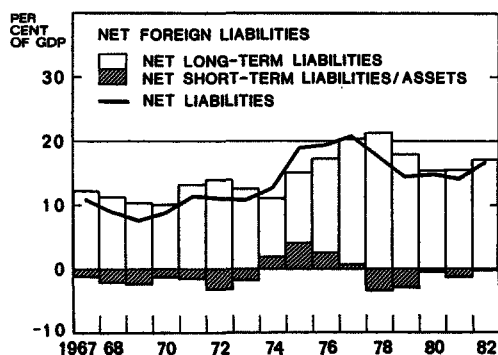


FINLAND'S FOREIGN ASSETS AND LIABILITIES

End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (9-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
1979	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
1981	4 673	3 426	1 317	9 416	35 536	4 444	2 183	391	42 554	33 138
1982*	6 628	4 626	3 796	15 050	47 547	4 608	2 223	752	55 130	40 080
1981										
March	4 254	2 945	1 229	8 428	30 523	4 455	2 138	442	37 558	29 130
June	4 473	3 161	1 278	8 912	32 814	4 467	2 180	406	39 867	30 955
Sept.	4 559	3 329	1 282	9 170	34 414	4 377	2 168	392	41 351	32 181
Dec.	4 673	3 426	1 317	9 416	35 536	4 444	2 183	391	42 554	33 138
1982*										
March	4 960	3 616	1 415	9 991	38 669	4 623	2 263	709	46 264	36 273
June	5 361	3 741	1 471	10 573	39 847	4 456	2 313	696	47 312	36 739
Sept.	5 556	4 084	1 466	11 106	41 198	4 515	2 345	687	48 745	37 639
Dec.	6 628	4 626	3 796	15 050	47 547	4 608	2 223	752	55 130	40 080
1983*										
March	6 672	5 003	3 892	15 567	49 897	4 759	2 288	846	57 790	42 223
June	6 458	4 998	3 956	15 412	49 921	4 462	2 306	812	57 501	42 089
Sept.	6 500	5 392	3 935	15 827	50 705	4 566	2 303	798	58 372	42 545



Short-term assets				Short-term liabilities				Net short-term liabilities (18-14)	Net liabilities (10+19)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (11 to 13)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (15 to 17)				
11	12	13	14	15	16	17	18	19	20	21	22
7 918	6 579	9 970	24 467	2 340	9 333	7 816	19 489	-4 978	23 697	6 457	3 472
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	6 716	3 274
11 362	13 749	14 176	39 287	2 427	20 218	13 538	36 183	-3 104	30 034	7 930	3 494
12 737	22 562	13 498	48 797	5 348	31 331	11 593	48 272	-525	39 555	9 068	3 464
9 701	10 149	12 357	32 207	2 680	16 543	12 409	31 632	-575	28 555	1 735	732
10 125	11 464	12 299	33 888	2 437	18 080	14 102	34 619	731	31 686	2 170	897
10 817	12 627	13 152	36 596	2 403	18 487	14 690	35 580	-1 016	31 165	1 638	595
11 362	13 749	14 176	39 287	2 427	20 218	13 538	36 183	-3 104	30 034	2 387	1 270
12 795	13 614	13 581	39 990	3 074	18 592	12 390	34 056	-5 934	30 339	1 761	600
12 846	14 322	13 118	40 286	3 077	19 349	12 767	35 193	-5 093	31 646	2 736	1 017
12 456	17 151	13 142	42 749	4 097	21 737	12 490	38 324	-4 425	33 214	2 038	662
12 737	22 562	13 498	48 797	5 348	31 331	11 593	48 272	-525	39 555	2 533	1 185
12 365	22 166	14 247	48 778	4 637	29 530	11 687	45 854	-2 924	39 299	2 531	942
12 905	23 008	14 615	50 528	4 705	31 137	12 825	48 667	-1 861	40 228	3 778	2 243
10 556	23 618	15 411	49 585	4 737	31 302	13 725	49 764	179	42 724



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1980 = 100 ¹						Building costs 1980 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1981	1 044	112.8	112.9	112.5	114.0	112.0	110.6	110.1	109.6	110.0
1982	1 122	120.9	122.1	116.7	120.8	122.4	119.0	117.7	116.8	117.8
1983										
Jan.	1 169	125.8	126.1	124.3	125.3	128.1	124.0	123.3	118.9	123.9
Feb.	1 170	125.5	126.5	122.2	124.4	128.8	124.3	123.8	118.9	124.6
March	1 166	125.4	126.8	121.2	123.7	129.3	125.4	124.5	118.9	125.6
April	1 169	126.1	127.6	121.2	124.0	130.4	126.1	125.9	122.0	126.5
May	1 172	126.7	128.2	122.2	125.0	130.4	127.1	127.1	125.1	127.0
June	1 185	126.9	128.3	122.7	125.1	130.0	128.2	129.7	125.8	130.4
July	1 193	127.7	128.8	124.1	125.6	130.7	129.7	130.1	125.8	130.7
Aug.	1 195	128.2	129.2	125.2	126.2	130.8	130.5	130.7	125.8	131.3
Sept.	1 204	129.1	130.1	126.1	127.5	131.3	130.7	131.2	125.8	132.0
Oct.	1 210	129.7	130.8	126.3	127.8	132.9	131.2	132.6	128.8	132.8

¹ New series calculated by the Central Statistical Office.

Period	Consumer prices 1977 = 100										
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1981	144.8	138.9	157.4	146.6	140.4	168.1	138.0	150.1	148.9	136.3	150.8
1982	158.3	155.7	177.7	156.0	155.1	181.0	146.7	164.7	158.8	146.2	165.3
1983											
Jan.	164.8	158.7	190.3	157.6	158.4	190.1	152.4	176.5	170.4	152.6	174.1
Feb.	165.7	160.3	190.3	160.9	158.4	190.3	153.2	176.6	171.1	152.8	175.2
March	166.6	163.2	191.2	163.4	159.7	187.8	154.0	176.6	169.5	153.0	176.1
April	168.7	166.7	191.3	166.9	159.7	186.4	156.6	176.6	171.5	158.3	177.2
May	170.9	167.4	191.4	167.4	168.3	186.4	157.4	181.5	172.6	159.9	178.6
June	172.9	169.7	198.3	168.4	168.3	187.1	159.1	184.8	175.0	161.7	181.0
July	173.7	169.7	198.3	166.2	168.3	187.2	161.1	199.3	176.0	163.9	182.4
Aug.	174.0	169.0	198.3	168.1	168.3	187.3	162.3	199.4	176.2	165.8	183.2
Sept.	175.1	169.4	198.4	171.1	169.0	191.0	162.6	199.4	177.9	167.0	183.6
Oct.	175.4	169.5	198.3	173.4	169.0	190.0	164.4	203.9	177.1	167.2	185.0

WAGES

Index of wage and salary earnings 1975 = 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	Industry	Construction							
1980	179.3	170.4	146.3	166.0	161.9	156.8	169.8	166.3	167.5	166.8
1981	201.3	192.5	165.6	186.1	182.2	174.8	191.9	187.4	188.8	188.1
1982*	225.7	213.5	181.8	207.3	201.1	195.7	212.0	207.4	208.9	208.1
1982*										
July-Sept.	226.3	211.6	181.4	207.5	200.7	195.6	211.7	207.6	208.1	207.9
Oct.-Dec.	234.9	221.7	189.9	216.9	211.1	206.0	220.4	216.6	217.5	217.0
1983*										
Jan.-March	240.2	224.3	194.0	218.2	214.4	206.9	222.9	219.0	219.8	219.4
Apr.-June	247.1	236.7	201.0	228.4	222.2	215.2	233.8	228.7	230.4	229.5
July-Sept.	253.1	234.7	203.0	229.7	222.2	217.9	233.9	229.5	230.6	230.0

PRODUCTION

Volume indices of production 1975 = 100

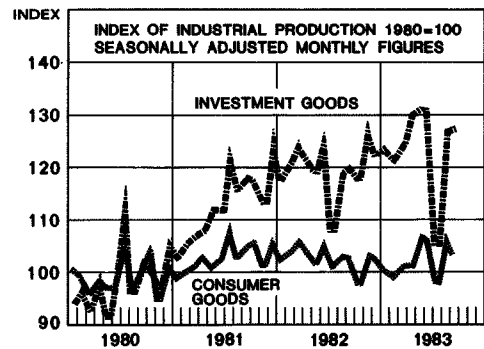
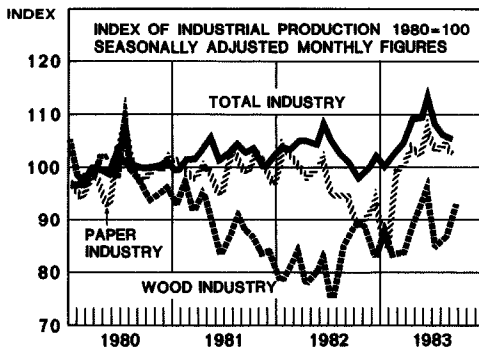
Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1981										
Apr.-June	118	131	90	155	76	94	119	107	129	121
July-Sept.	116	119	160	80	100	92	125	108	130	117
Oct.-Dec.	129	143	80	149	121	97	135	116	132	124
1982										
Jan.-March	115	133	70	134	72	89	113	96	133	120
Apr.-June	121	136	82	135	80	94	122	109	133	125
July-Sept.	120	121	197	64	106	95	123	111	135	121
Oct.-Dec.	133	144	91	154	135	100	136	127	137	129
1983*										
Jan.-March	118	132	83	141	81	86	115	100	138	123
Apr.-June	125	143	89	126	85	94	124	113	138	129

PRODUCTION

Index of industrial production 1980 = 100¹

Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1981	102.6	114.1	103.4	100.1	104.0	89.6	100.8	103.0	101.2	106.9	102.9
1982*	103.7	121.0	103.4	100.6	106.4	83.5	96.1	98.1	108.4	114.0	103.8
1982*											
Sept.	109.7	129.0	109.3	106.3	112.1	101.1	97.0	101.8	135.5	122.1	101.4
Oct.	107.3	125.2	108.5	103.5	123.6	97.6	94.6	99.6	125.5	117.5	98.9
Nov.	112.1	139.5	112.9	106.6	127.8	97.3	95.3	101.3	118.5	128.1	100.2
Dec.	104.7	125.8	104.9	100.8	110.6	75.6	89.5	95.8	114.0	118.9	103.2
1983*											
Jan.	103.6	124.6	101.6	100.7	94.0	82.4	87.8	91.0	114.0	118.0	101.0
Feb.	99.5	121.0	95.7	97.4	85.9	76.6	96.5	88.8	97.3	113.4	103.3
March	113.6	135.0	111.1	110.9	107.2	96.1	107.5	115.7	114.6	125.8	105.0
April	106.1	132.9	101.4	103.6	100.5	96.0	93.8	107.2	103.9	122.7	109.6
May	116.3	144.6	112.7	113.0	112.7	115.0	103.3	102.2	119.3	134.1	109.8
June	112.0	145.2	103.2	110.2	104.6	107.1	98.9	105.7	121.9	129.5	115.3
July	67.5	49.3	63.6	72.6	90.6	35.1	106.3	66.9	67.0	51.2	108.8
Aug.	111.3	118.8	108.0	111.5	113.2	86.5	115.4	113.4	122.5	113.9	106.7
Sept.	114.4	138.1	110.0	112.2	111.1	107.3	104.7	112.5	140.9	129.2	105.9

¹ New series calculated by the Central Statistical Office



LABOUR¹ – TIMBER FELLINGS – INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1980 = 100 ²	Wholesale volume index 1980 = 100 ²
1982*	3 658	2 530	2 380	150	5.9	41 435	106	109
1982*								
June	3 658	2 674	2 537	136	5.1	2 582	108	108
July	3 660	2 690	2 548	142	5.3	1 167	111	92
Aug.	3 662	2 619	2 475	143	5.5	1 383	106	107
Sept.	3 664	2 542	2 401	141	5.6	2 401	106	119
Oct.	3 663	2 517	2 365	152	6.0	3 164	114	120
Nov.	3 664	2 482	2 343	139	5.6	4 165	110	120
Dec.	3 663	2 492	2 345	147	5.9	4 793	136	127
1983*								
Jan.	3 670	2 469	2 289	180	7.3	3 728	93	89
Feb.	3 672	2 479	2 314	165	6.7	4 545	92	96
March	3 674	2 497	2 333	164	6.6	5 963	106	116
April	3 677	2 482	2 315	167	6.8	5 227	102	112
May	3 676	2 528	2 383	145	5.7	3 067	123	135
June	3 678	2 715	2 549	166	6.1	2 089	100	95
July	3 682	2 730	2 577	153	5.6	1 084	104	85
Aug.	3 682	2 555	2 426	128	5.0	1 303	105	113
Sept.	3 682	2 540	2 397	143	5.6	2 153		

¹ Revised figures, see item in August number.

² New series calculated by the Central Statistical Office.

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											
1981	44.92	18.76	5.78	14.65	2.75	41.08	17.20	4.39	14.35	3.01	47.14
1982*	51.83	19.23	6.71	18.93	3.46	41.80	17.32	5.72	13.61	2.64	50.48
1982*											
Jan.-March	9.10	3.36	1.29	3.31	0.71	7.52	3.45	0.66	2.70	0.30	44.41
Apr.-June	19.17	7.96	3.15	6.05	0.78	10.09	4.44	0.85	3.29	0.80	51.52
July-Sept.	12.35	4.41	1.35	4.53	1.03	8.33	3.41	1.44	2.11	0.84	56.60
Oct.-Dec.	10.63	3.29	0.88	4.75	0.93	15.37	5.83	2.62	5.33	0.69	50.48
1983*											
Jan.-March	9.77	4.14	1.27	3.20	0.72	9.87	3.88	1.08	3.66	0.66	45.37
Apr.-June	17.86	7.57	3.01	4.89	0.95	8.70	3.61	0.75	2.92	0.81	53.37

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. *Public sector*: Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables. Liabilities = Cheque accounts + Counter-cyclical reserves + Counter-cyclical deposits + Capital import deposits + Other public sector claims. Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector*: Other liabilities, net = Capital import deposits + Other financial institution claims - Bonds - Other financial institution receivables.

Corporate sector: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers credits.

Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Export deposits + Other corporate claims - Bonds - Other corporate receivables.

MONETARY POLICY INDICATORS

Page 6. All the figures except the Average lending rate of the commercial banks are mean values of daily figures for the month or year in question. The Average lending rate of the commercial banks is the mean value of end of the month lending rates weighted by credit outstanding. The annual figure of the Average lending rate is an unweighted average of the weighted average monthly rates.

Total central bank debt of the commercial banks = Discounted and rediscounted bills (until 30. 6. 1979, subsequently the banks have not been allowed to discount or rediscount bills) + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligation - call money deposits by the commercial banks.

Actual central bank debt of the commercial banks = Total central bank debt - Postipankki's call money placements (or + Postipankki's call money overdrafts). Postipankki accounts for the bulk of the supply of call money from the deposit banks (supply of call money, see column 4 on page 5).

Credit quotas of the commercial banks at the Bank of Finland are the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the base rate. Before July 1979, a progressively rising interest rate was charged on credit in excess of the quota up to an absolute ceiling on quota-related debt. From July 1979, no bank may exceed its quota on average over the month. On any given day quota-related borrowing may not exceed 1.3 times the quota. The interest on this borrowing is the base rate.

Bank of Finland placements in the call money market = Demand for call money by the deposit banks - Supply of call money by the deposit banks. Average cost of the total central bank debt of the commercial banks: Net costs paid to the Bank of Finland by the commercial banks, as a percentage of their total central bank debt, per annum.

FORWARD EXCHANGE MARKETS IN FINLAND

Page 7. The figures for columns 1-6 are calculated by the Bank of Finland on the basis of monthly reports from the banks on their outstanding forward exchange positions at the end of each month. The figures for columns 7-9 are based on monthly averages of daily representative quotations, as reported by the banks to the Bank of Finland.

The banks' foreign currency positions shown in the chart at the bottom of page 7 are monthly averages of daily spot and forward positions vis-à-vis the Finnish mark as reported by the commercial banks to the Bank of Finland. The spot position includes all foreign currency-denominated assets and liabilities of the banks, excluding their outstanding forward contracts.

FOREIGN EXCHANGE RATES

Pages 8-9. *Exchange rates* are annual and monthly averages of the Bank of Finland's daily quotations. *Currency index* is annual and monthly average of daily index numbers. The chart at the bottom of page 8 shows the banks' forward selling rates for the US dollar as deviations from the spot rate.

DEPOSITS BY THE PUBLIC - ADVANCES TO THE PUBLIC - MONEY SUPPLY

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

Page 10. *Deposits by the public*. The central government and the financial institutions are mainly excluded from the public. From 1974 deposits include domestic deposits denominated in foreign currency.

Page 11. *Advances to the public*. The central government and the financial institutions are not included in the public. Postipankki's advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

Money Supply M_1 = Finnish notes and coins in circulation - Finnish notes and coins held by the banks + Demand deposits held by the public (incl. Demand deposits at the Bank of Finland). Quasi-Money = Time deposits held by the public (incl. Time deposits at the Bank of Finland).

Note: Domestic deposits in foreign currency included in money supply since 1974. In the money supply the public includes non-monetary financial institutions.

STATE FINANCES

Page 12. Official figures computed by the Economics Department of the Ministry of Finance. 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.

FOREIGN TRADE

Pages 13-15. Figures supplied by the Board of Customs. *Indices* (p. 13): The volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries*: (p. 15): from January 1980 imports by countries of origin exports by countries of consignment.

BALANCE OF PAYMENTS

Pages 16-17. Figures are calculated by the Bank of Finland. In the current account, the figures for trade- and goods and services account have been revised from 1970 so that they are in accordance with the revised System of National Accounts. In addition to the Board of Customs figures, exports include fuel for carriers but exclude stevedoring expenses and imports include seamen's duty-free imports, fuel for carriers and adjusted allowance for smuggling.

On Jan. 1. 1980, foreign bonds were included in the convertible foreign exchange reserves of the Bank of Finland and not in the short-term capital account as earlier. The figures for other years have also been revised accordingly.

FOREIGN ASSETS AND LIABILITIES

Pages 18-19. Figures calculated by the Bank of Finland. Long-term assets: Other = financial loans + development credits + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds.

Column 21. Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payment of long-term foreign assets and liabilities, excl. amortisation payments of the Bank of Finland's reserve and oil credits.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings. Debt service does not include amortisation of the Bank of Finland's reserve and oil credits.

PRICE INDICES

Page 20. All indices calculated by the Central Statistical Office.

WAGES - PRODUCTION

Pages 21-22. Figures supplied by the Central Statistical Office. Page 22. *Index of industrial production* calculated by the Central Statistical Office. The grouping, by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland 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.

LABOUR - TIMBER FELLINGS - INTERNAL TRADE - CONSTRUCTION OF BUILDINGS

Page 23. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Forest Research Institute, *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *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. - Break in series.

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1 155 to 1 809 Finland formed a part of the kingdom of Sweden. Connected from 1 809 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 term, January 27, 1982, to March 1, 1988, is Mauno Koivisto.

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 1983 is as follows: Social Democratic Party of Finland 57, National Coalition Party 44, Centre Party 38, Democratic League of the People of Finland 27, Finnish Rural Party 17, Swedish People's Party 11, Christian League of Finland 3, The Greens 2 and Finnish People's Constitutional Party 1.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1956, IDA 1960, EFTA 1961, ADB 1966, OECD 1969, IDB 1977 and AfDB 1982.

LAND

THE AREA is 338 000 square kilometres (Great Britain's area is 244 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4%. Of the land area (1980) 2.5 mill. ha (8.2%) are cultivated and 19.7 mill. ha (64.5%) are covered by forests.

OWNERSHIP OF LAND (1979). The total land area was distributed among different classes of owners approximately as follows: private 58.7%, State 31.4%, joint stock companies etc. 7.4%, municipalities and parishes 2.5%.

POPULATION

NUMBER OF INHABITANTS (1981): 4.8 million. Sweden 8.3, Switzerland 6.4, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1981): In South Finland 47.0, in East and Central Finland 14.1, in North Finland 4.1 and in the whole country an average of 15.8 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1981): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital, 483 051 inhabitants, Tampere (Tammerfors) 167 028, Turku (Åbo) 163 526.

EMPLOYMENT (1982): Agriculture and forestry 13%, industry and construction 34%, commerce 14%, transport and communication 7%, financing, insurance, real estate and business services 6%, community and personal services 26%.

LANGUAGE (1981): Finnish speaking 93.5%, Swedish speaking 6.3%, others 0.2%.

EDUCATION (1982): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 14 colleges of university standard.

CHANGE OF POPULATION (1981): births 13.2 ‰, deaths 9.2 ‰, change + 5.2 ‰, net immigration + 1.2 ‰. Deaths in France 10.3 ‰ and Great Britain 11.8 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1982), in million marks: Gross domestic product at factor cost by industrial origin; agriculture 8 993 (4%), forestry and fishing 9 729 (5%), manufacturing 64 418 (31%), construction 15 271 (7%), trade, restaurants and hotels 24 017 (11%), transport and communication 17 052 (8%), banking and insurance 8 633 (4%), ownership of dwellings 15 009 (7%) other services 47 323 (23%), total 210 443. Index of real domestic product 124 (1975 = 100).

FOREST RESOURCES (1981). The growing stock comprised of 1 638 million m³ (solid volume with bark) of which 44% was pine and 38% spruce the remaining 18% being broad-leaved trees chiefly birch. Of the growing stock 674 million m³ was up to the standard required for logs, 52% of these being pine. The annual growth was 66 million m³ and the total drain calculated on the basis of roundwood consumption was 56 million m³.

AGRICULTURE (1981). Cultivated land 2.4 million hectares. Number of holdings 218 904 of which 151 956 are of more than 5 ha. Measure of self-sufficiency in bread cereals (1982) 56%.

INDUSTRY (1981). Gross value of industrial production 193 314 mill. marks number of workers 419 443, salaried employees 144 692, motive power 8.0 mill. kW. Index of industrial production 132 for 1981 (1975 = 100).

STATE RAILWAYS (Dec. 31, 1982): Length 6 071 km.

MERCHANT FLEET (Sept. 30, 1983): Passenger vessels 156 (260 477 gross reg. tons), tankers 49 (1 346 591 gross reg. tons), dry cargo vessels 180 (850 223 gross reg. tons), other vessels 100 (13 951 gross reg. tons), total 485 (2 471 242 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1982): Passenger cars 1 352 055, lorries and vans 161 680, buses 9 066, others 9 896, total 1 532 697.

FINNISH AIRLINES (May 1, 1983): Finnair has in use 1 DC-8, 8 DC-9-10, 6 DC-9-41, 12 DC-9-51, 3 DC-10-30, 3 DC-9 Super 82 and 2 Fokker F-27. Company has scheduled traffic outside of Finland to 38 airports and to 21 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). The last par value of the mark was set on Oct. 12, 1967 and was 0.21 159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 24.6, Skr 15.8, £ 13.1, DM 13.3, \$ 8.6, other currencies 24.6. The permissible range of fluctuation is about 2.25 per cent of either side of the arithmetic mean. The fluctuation limits are 127.5 and 121.9.

THE CENTRAL BANK. The Bank of Finland (estab. 1811) functions under the guarantee and supervision of Parliament. Its Board of Managements 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, 1982). There are two big and five small commercial banks with in all 900 offices, 272 savings banks, 371 co-operative banks, five mortgage banks, Postipankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-four private insurance companies also grant credits.

RATES OF INTEREST (July 1, 1983). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility is 9 ½%. The range of rates for other credits granted by the Bank of Finland is between 7% and 12%. Other credit institutions: time deposits 5 ¼%; 6 month deposits 6 ½%; 12 month deposits 8%; 24 month deposits 9 ¼% and sight deposits 2 ¼%. The highest lending rate 14%.

CHANGES IN PRIVATE CONSUMPTION EXPENDITURE IN FINLAND 1950—1982

by Matti Virén, Dr. Pol.Sc.

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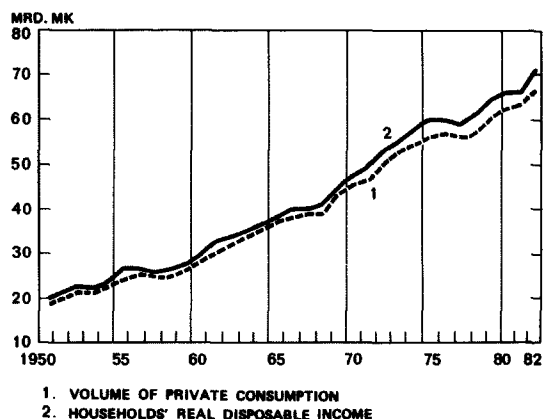
During the period 1950—1982 households' real disposable income and the volume of private consumption more than trebled in Finland, growing at an average annual rate of slightly more than 4 per cent. As can be seen from Chart 1, the pattern of growth was very smooth, and only in three years — 1952, 1957 and 1977 — did the level of consumption decrease. At 4 per cent, the growth rate is very high by international standards, but even more striking is the great changes which have occurred in the composition of consumption in Finland. Just after the second world war (the first reliable figures are available for 1948), the pattern of consumption was very similar to that in most underdeveloped countries. For instance, the budget share of food, beverages and tobacco¹ exceeded 50 per cent. Today, by contrast, the composition of private consumption in Finland differs little from that in other OECD countries².

A good indication of the broad changes in the pattern of consumption can be gained from an examination of Chart 2, which shows movements in the shares of 8 commodity categories. Two major changes are immediately discernible. One is the dramatic fall in the share of food, beverages and tobacco, which has declined by almost 15 percentage points in 32 years. The other is the diminution of the

share of clothing and footwear, which is perhaps even more striking given the fact that its current share is less than 5 per cent, one of the lowest in the OECD area.

Of the remaining 6 commodity categories all have increased their relative shares except furniture, furnishings, household equipment and operation, which has remained more or less constant. Expenditure on housing, i.e. gross rents, fuel and power, experienced strong growth in the 1950s, after which it has grown at much the same rate as aggregate private consumption expenditure. It should be noted that the concept of housing expenditure employed here refers to the flow of services obtained from the stock of houses, and not to purchases of new houses. The service flow concept is not applied to other durable goods in the national accounts, and hence in these cases consumption corresponds to purchases of the items in question. In commodity categories 6, 7 and 8, i.e. in transport and

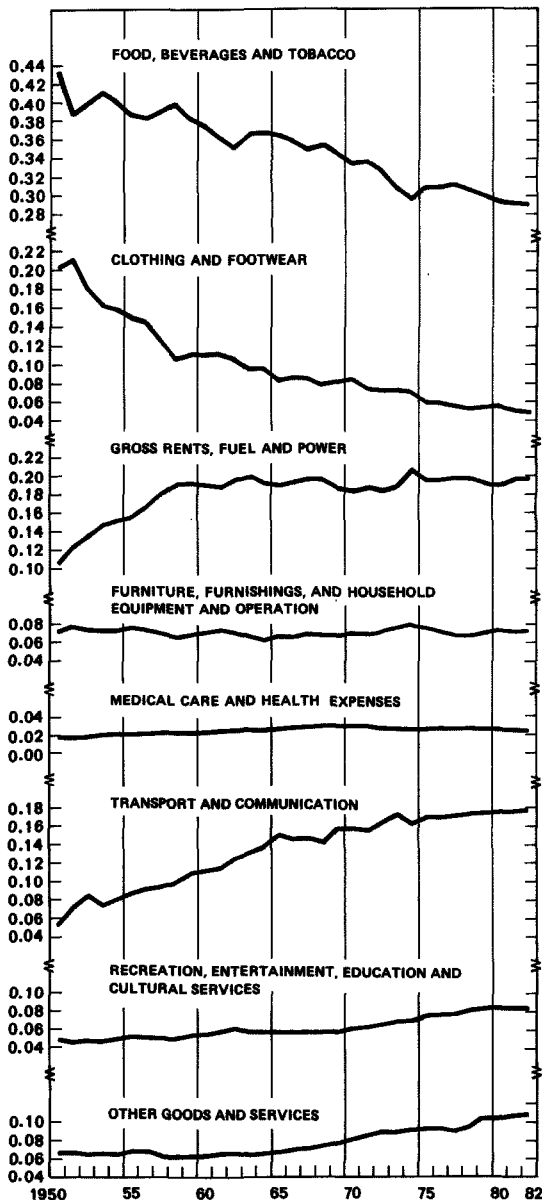
CHART 1. VOLUME OF PRIVATE CONSUMPTION AND HOUSEHOLDS' REAL DISPOSABLE INCOME, 1950—1982



¹ The relative share of expenditure on food, beverages and tobacco in total private consumption expenditure.

² Cf. e.g. M. Virén, *Private Consumption Expenditure in Finland 1950—1981*, The Research Institute of the Finnish Economy, Series B, No. 37, Helsinki 1983; Lluch, C. and A.A. Powell and R. Williams, *Patterns in Household Demand and Saving*, A World Bank Research Publication, Oxford University Press, New York 1977; Theil, H. and F. Suhm (with an appendix by J. Meisner) *International Consumption Comparisons*, North-Holland, Amsterdam 1981.

CHART 2. BUDGET SHARES OF DIFFERENT COMMODITY CATEGORIES, 1950–1982



communication, recreation, culture and education, and other goods and services, the changes in relative shares display a largely trend-like pattern. To some extent, this can be explained by the steady increase in leisure time which has taken place in Finland since the second world war.

Changes in the relative importance of different components of private consumption expenditure reflect two factors: movements in relative

prices and changes in the quantities demanded in relation to the volume of aggregate consumption. The roles of each can be discerned by reference to Table 1. For instance, the relative prices of food, beverages and tobacco did not change significantly over the 30 year period 1952–1982. However, because of the lower income elasticity of demand of these items in comparison to most other commodity categories, their consumption grew more slowly and hence their relative importance declined. Clothing and footwear represent an interesting case in that while their relative prices have decreased markedly their consumption has increased only slightly. Indeed, if the growth of population is taken into account per capita consumption of clothing and footwear increased by only 16 per cent over the whole period. This development is somewhat paradoxical, for one might have expected that the decline in relative prices would have significantly stimulated demand.

Obviously, relative prices and consumption volumes need not move in opposite directions, as is clearly evident from Table 1. For instance, the relative prices of both transport and communication and other goods and services actually increased somewhat at the same time as their consumption growth rate clearly exceeded the average. Admittedly, of course, consumption would have grown much faster had movements in relative prices been more favourable; if, for instance, there had been no energy crisis and hence no escalation in oil prices.

When analyzing changes in the composition of consumption at this level of aggregation, it should be borne in mind that the greatest changes may, in fact, occur at the individual commodity or brand level. Some indication of this is provided by an examination of the relative shares of the 46 commodity categories presented in Table 2. This table shows that there can be large differences within the same aggregate commodity group. For instance, in the case of food, beverages and tobacco there are both increasing and decreasing commodity shares; the evidence from, say, bread and

TABLE 1. VOLUME OF PRIVATE CONSUMPTION AT 1975 PRICES AND RELATIVE PRICES

Name of item	Volume				Relative prices			
	1952	1962	1972	1982 ¹	1952	1962	1972	1982 ¹
Food, beverages and tobacco	7 929.0	10 678.4	15 725.5	17 188.4	102.08	98.65	100.54	105.44
Clothing and footwear	2 287.5	2 859.5	3 674.5	3 126.6	158.76	111.90	99.36	94.01
Gross rents, fuel and power	3 637.8	5 876.5	8 900.2	13 324.0	74.48	99.42	99.89	91.76
Furniture, furnishings, household equipment and operation	1 550.0	2 060.0	3 373.4	4 960.4	97.24	102.00	101.54	89.85
Medical care and health expenses	347.6	700.3	1 357.3	1 635.9	106.92	106.16	97.83	94.25
Transport and communication	1 761.7	3 627.4	7 716.4	10 088.5	97.47	103.23	103.01	110.49
Recreation, culture and education	1 052.1	1 748.3	3 124.2	5 884.7	90.79	105.80	101.07	89.32
Other goods and services	1 732.1	2 435.5	4 607.3	6 154.2	75.71	80.09	92.60	108.39
Sum of items 1-8 ²	20 297.8	29 985.9	48 378.8	62 362.7	100.00	100.00	100.00	100.00

¹ Figures for 1982 are preliminary and thus subject to change.

² The sum does not include non-market products, expenditure of nonresidents abroad (net), or consumption expenditure of private non-profit institutions.

Data source: Central Statistical Office.

TABLE 2. BUDGET SHARES OF DIFFERENT COMMODITIES

Name of item	1952	1962	1972	1982 ¹
Bread and cereals	.0684	.0555	.0370	.0358
Meat	.0565	.0570	.0696	.0616
Fish	.0107	.0087	.0076	.0062
Milk, cheese and eggs	.0706	.0643	.0501	.0398
Fats and oils	.0502	.0347	.0193	.0165
Fruits and vegetables	.0271	.0228	.0223	.0271
Potatoes	.0099	.0077	.0049	.0060
Sugar	.0150	.0138	.0080	.0057
Coffee, tea and cocoa	.0308	.0256	.0190	.0123
Other foods	.0181	.0182	.0184	.0216
Non-alcoholic beverages	.0025	.0034	.0058	.0052
Alcoholic beverages	.0318	.0295	.0443	.0404
Tobacco	.0274	.0297	.0275	.0213
Clothing	.1455	.0814	.0583	.0358
Footwear	.0223	.0184	.0118	.0089
Gross rents	.0573	.1436	.1486	.1549
Fuel and power	.0679	.0386	.0269	.0313
Furniture, fixtures and carpets	.0155	.0147	.0203	.0236
Household textiles and other furnishings	.0166	.0099	.0095	.0076
Household appliances	.0047	.0119	.0123	.0111
Glassware, tableware and household utensils	.0090	.0075	.0075	.0076
Non-durable household goods	.0084	.0067	.0069	.0091
Household services	.0024	.0030	.0030	.0043
Domestic services	.0180	.0124	.0080	.0045
Medical and pharmaceutical products	.0081	.0114	.0140	.0122
Therapeutical appliances and equipment	.0004	.0015	.0013	.0016
Services of physicians and dentists, hospital care, etc.	.0087	.0103	.0109	.0097
Personal transport equipment	.0269	.0328	.0509	.0492
Tires and tubes, parts and accessories	.0055	.0114	.0197	.0216
Gasoline, oils and greases	.0056	.0208	.0339	.0446
Other expenditure	.0023	.0059	.0066	.0074
Purchased transport	.0343	.0394	.0374	.0420
Communication	.0047	.0065	.0085	.0109
Radio and TV sets	.0026	.0124	.0066	.0085
Other major durables	.0018	.0028	.0051	.0065
Other recreational goods	.0031	.0165	.0181	.0214
Entertainment, recreational and cultural services	.0118	.0134	.0169	.0211
Books, newspapers and magazines	.0148	.0127	.0156	.0225
Personal care: services	.0031	.0040	.0034	.0030
Personal care: goods	.0045	.0080	.0103	.0104
Jewelry, watches, rings and precious stones	.0058	.0046	.0035	.0028
Other personal goods	.0053	.0049	.0043	.0051
Expenditure in restaurants, cafes and hotels	.0332	.0315	.0564	.0652
Other services	.0088	.0078	.0063	.0092
Purchases from public sector	.0107	.0136	.0135	.0160
Purchases from non-profit institutions	.0063	.0087	.0101	.0109

¹ Figures for 1982 are preliminary and thus subject to change.
Data source: Central Statistical Office.

meat suggests, however, that a clear pattern underlies these different types of changes in the sense that the "quality" of consumption has been constantly increasing. A more detailed analysis of consumption patterns would reveal that there are also numerous commodity-specific factors which can be of crucial importance; the budget shares of tobacco and domestic services give some idea of the role of these factors.

As far as the future development of Finnish consumption expenditure is concerned, it

seems obvious that structural changes will be smaller than during the period of investigation; 1950–1982. This will be mainly due to the fact that the growth rate of households' real income will substantially diminish; most long- and medium-term forecasts point to annual growth rates of about 2–3 per cent whereas the average growth rate in 1950–1982 was over 4 per cent. Needless to say, this slowdown in income growth also reflects slower social and structural changes in the Finnish economy as a whole.

ITEMS

Finland's balance of payments January-September 1983. According to the Bank of Finland's preliminary figures, the current account showed a deficit of 3 777 million marks for January-September of this year. The net inflow of long-term capital amounted to 1 450 million marks and the net outflow of short-term capital to 71 million marks. Hence, almost two-thirds of the current account deficit was financed by a decline of 2 398 million marks in the Bank of Finland's foreign exchange reserves. In January-September 1982, the current account had shown a deficit of 2 241 million marks.

The current account deficit, which had started to widen during the second quarter of this year, continued to grow in the third quarter. To some extent, this growth was due to seasonal factors. A net long-term capital outflow of 387 million marks in the second quarter swung into a net inflow of 205 million marks during the third quarter. After a second-quarter inflow of short-term capital amounting to 2 143 million marks, the net flow of short-term capital was reversed in the third quarter, resulting in a net outflow of 400 million marks. The third-quarter current account deficit of 2 118 million marks was financed by a fall in the Bank of Finland's foreign exchange reserves.

Current account. The trade account registered a deficit of 1 643 million marks in January-September. The trade carried on in tied currencies (with the Soviet Union, the German Democratic Republic, Hungary and Bulgaria) was in surplus to the value of 600 million marks, while the trade in convertible currencies registered a deficit of 2 200 million marks. In the corresponding period last year, the trade account had shown a deficit of 688 million marks.

In January-September, the value of exports rose by 12 per cent and the volume by 3 per cent. Whereas during the first half of the year the emphasis in the growth of exports had

been on the metal and engineering industry, in the third quarter exports increased particularly in the paper and chemical industries. Export prices rose by 10 per cent, on average, in all sectors except the paper and the basic metal industries, where they increased by 2-3 per cent. Imports went up by 13 per cent in value terms and 4 per cent in volume terms. The largest increase occurred in the import volumes of fuels and lubricants, investment goods and consumer goods. The volume of raw material imports was one per cent higher than in the same period of 1982.

The surplus on the services account amounted to 2 958 million marks the same as in the corresponding period last year. At 2 421 million marks, the surplus on the transport account was 226 million marks greater than last year. Travel receipts were unchanged whereas expenditure increased by 17 per cent. Hence, the travel account registered a deficit of 500 million marks, as compared with a deficit of 92 million marks in January-September 1982. The "Other services" account recorded a surplus of 1 037 million marks.

Interest expenses on borrowing abroad totalled 6 621 million marks. With interest earnings on foreign assets reaching 2 016 million marks, the investment income account showed a deficit of 4 605 million marks. This was 477 million marks more than in January-September 1982. The unrequited transfers account registered a deficit of 505 million marks.

Capital account. Drawings of long-term loans amounted to 6 899 million marks, or 929 million marks less than in January-September last year. Redemptions of long-term loans totalled 5 435 million marks, 2 191 million marks more than last year. The central government accounted for 3 302 million marks of the drawings and for 1 565 million marks of the redemptions. Drawings of long-term export credits granted to foreign customers reached 634 million marks and redemptions of outstanding export credits 1 057 million marks.

**MAJOR BALANCE OF PAYMENTS ITEMS
JANUARY—SEPTEMBER 1983, MILL. MK¹**

	Receipts	Expendi- ture	Net
Trade (exports f.o.b., imports c.i.f.)	50 386	51 468	-1 082
Adjustment items	-101	460	-561
Trade account	50 285	51 928	-1 643
Transport (c.i.f.)	4 235	1 814	2 421
Travel	2 268	2 768	-500
Other services	4 291	3 254	1 037
Services account	10 794	7 836	2 958
GOODS AND SERVICES ACCOUNT	61 079	59 764	1 315
Investment income, net	2 016	6 621	-4 605
Unrequited transfers	314	819	-505
Other	1 923	1 905	18
A. CURRENT ACCOUNT	65 332	69 109	-3 777
	Change in assets	Change in liabilities	Net
Long term financial loans and suppliers' credits: drawings	-634	6 899	6 265
redemptions	1 057	-5 435	-4 378
Direct investment	-689	76	-613
Other long-term capital	-211	387	176
B. LONG-TERM CAPITAL ACCOUNT	-477	1 927	1 450
BASIC BALANCE (A + B)			-2 327
Prepayments and liabilities related to imports			1 137
Prepayments and receivables related to exports			-1 129
Short-term capital of authorized banks			-1 222
Other short-term capital			-211
Errors and omissions			1 354
C. SHORT-TERM CAPITAL ACCOUNT			-71
D. Allocations of SDRs OVERALL BALANCE (A + B + C + D)			-2 398
Change in the foreign ex- change reserves of the Bank of Finland			2 398

Assets: increase -, decrease +
Liabilities: increase +, decrease -

¹ Preliminary figures.

Finnish direct investment abroad amounted to 689 million marks and foreign direct investment in Finland to 76 million marks. The net inflow of long-term capital totalled 1 450 million marks, which was 1 855 million marks less than in January—September last year.

Exports of short-term capital (including errors and omissions in the balance of payments) amounted to 71 million marks. Short-term liabilities related to imports went up by 1 137

million marks, and prepayments and receivables related to exports grew, in net terms, by 1 129 million marks. The net short-term liability of the authorized banks fell by 1 222 million marks.

The foreign exchange reserves of the Bank of Finland declined, in net terms, by 2 398 million marks. The convertible foreign exchange reserves decreased by 3 613 million marks, whereas the tied foreign exchange reserves increased by 1 215 million marks. At the end of September the convertible foreign exchange reserves of the Bank of Finland amounted to 5 641 million marks and the tied foreign exchange reserves to 2 762 million marks.

At the end of September, Finland's net foreign debt totalled 42 724 million marks, of which the central government accounted for 19 460 million marks. The net long-term debt amounted to 42 545 million marks and the net short-term debt to 179 million marks.

The national agricultural policy programme. On November 4, 1983, the Committee on the National Agricultural Policy Programme published a report outlining a national agricultural policy programme.

The Committee considers that agricultural production should be conducted on a scale which is consistent with the needs of the entire society and which, as far as possible, satisfies domestic demand under normal circumstances. The Committee presents detailed proposals for the output targets of major agricultural products in 1990. It recommends that the output of milk, beef and eggs be curbed by all available means. On the other hand, it proposes an increase in the cultivated area under grains and oilseed and an expansion in sheep and horse farming. According to the Committee, structural policy in agriculture should be directed towards supporting the preservation of rural settlements and the vitality of the countryside. Special attention should be paid to the opportunities provided by farm forestry and by auxiliary and related industries. The objective in structural policy is to promote the transfer of farms to the next generation and to

lower agricultural costs. A further aim is to retard the decline in the number of arable farms so that by 1990 there would be a total of between 150 000 and 160 000, (compared with 180 000 in 1980). In the Committee's view, the overall goals of agricultural incomes policy should be coordinated with other agricultural policy objectives. These goals include a fair income level for farmers as compared with other groups in the economy, an equitable income distribution within agriculture, and the evening-out of variations in income caused by crop fluctuations.

The Committee makes numerous proposals concerning measures to be used as agricultural policy tools and proposes various studies. To increase the reliability of statistical data, it recommends that a general agricultural census be carried out. It further proposes that the establishment of new livestock units be restricted as much as possible by tightening the system of granting permits for starting livestock rearing and by regulating the financing of productive building investment. To control milk production the Committee proposes the introduction of a dual price system based on farm-by-farm quotas. The output of eggs, beef and pork would be regulated mainly by means of strict price policies and the curbing of investment. In addition, the Committee proposes agreements on cutbacks in livestock production, agreements on non-cultivation, and the more efficient promotion of pension schemes and of the cessation of farming by elderly farmers. In the financing of agriculture, the main emphasis is laid on supporting the transfer of farms to the next generation, financing auxiliary industries, and supporting the internal rationalization of farms. Finally, it is recommended that a committee be set up during the spring of 1984 to prepare a new Agricultural Incomes Act.

The Committee on the National Agricultural Policy Programme was comprised of representatives from the Ministry of Agriculture and Forestry, the Central Union of Agricultural Producers and the Ministry of Finance.

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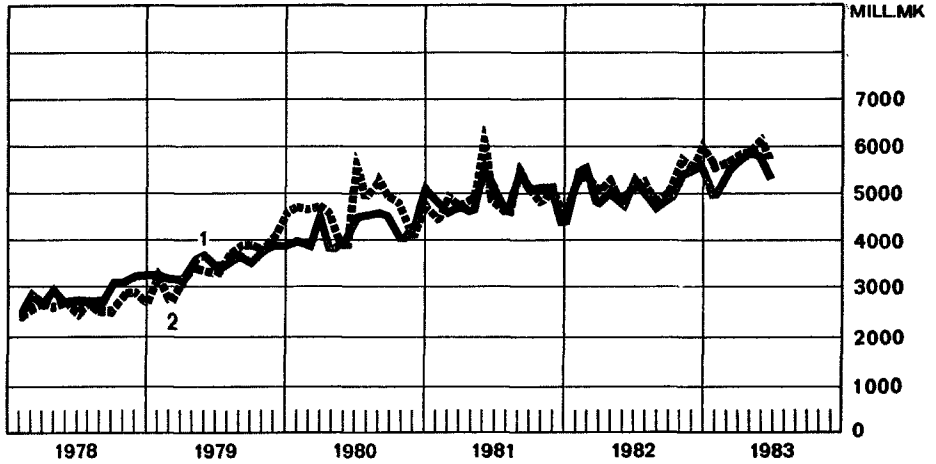
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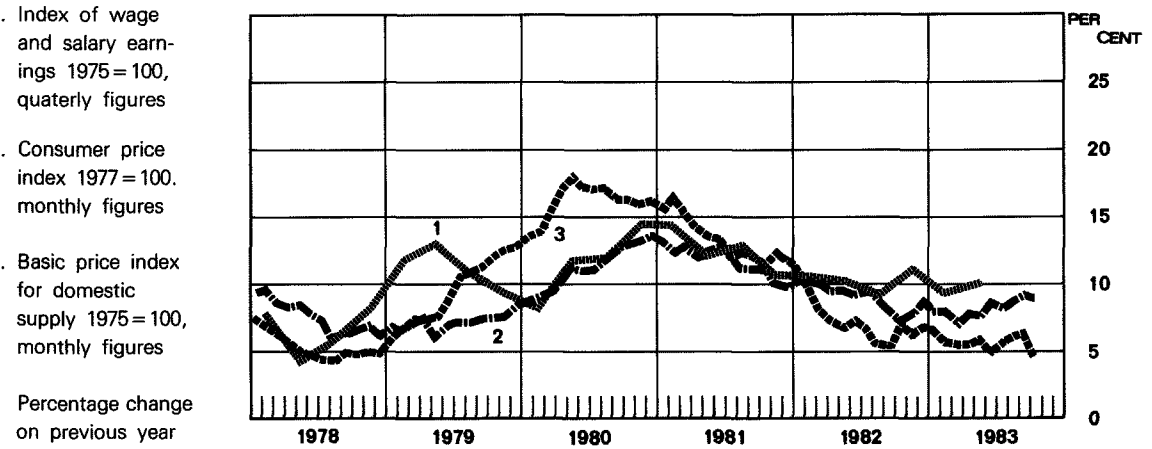
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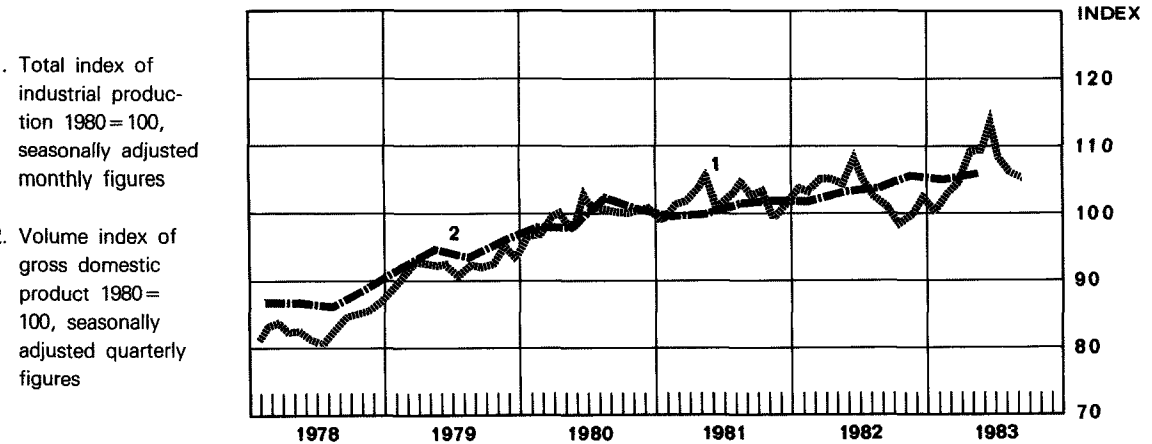
FOREIGN TRADE, 1978-83



PRICES AND WAGES, 1978 - 83



PRODUCTION, 1978 - 83



Bank of Finland Monthly Bulletin
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ISSN 0005-5174

Helsinki 1983. Government Printing Centre