



BANK OF FINLAND

Monthly Bulletin

Finland's foreign assets and liabilities

The structure and development of
service sector investment in Finland in
1953—1977

Presidential election

Devaluation of the Finnish markka

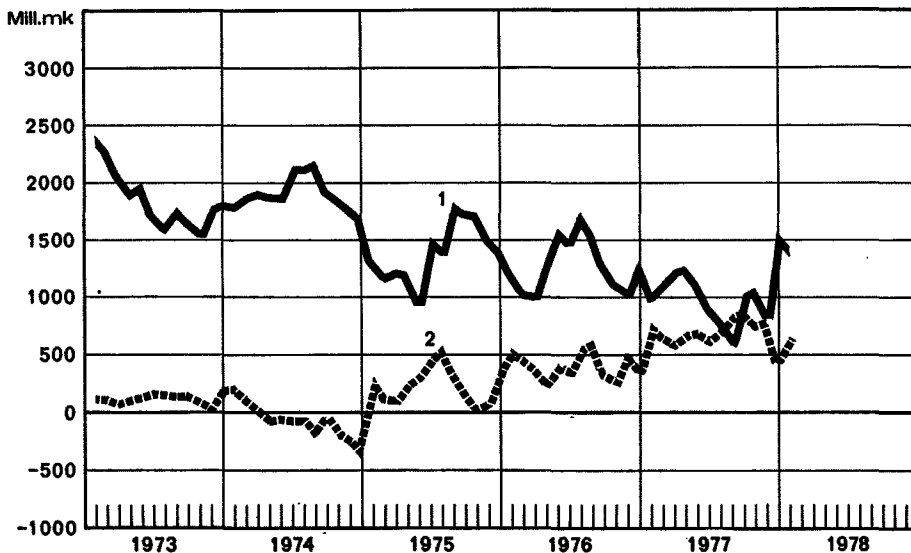
Credit facility agreement

The Bank of Finland investment inquiry of
November 1977

MARCH 1978

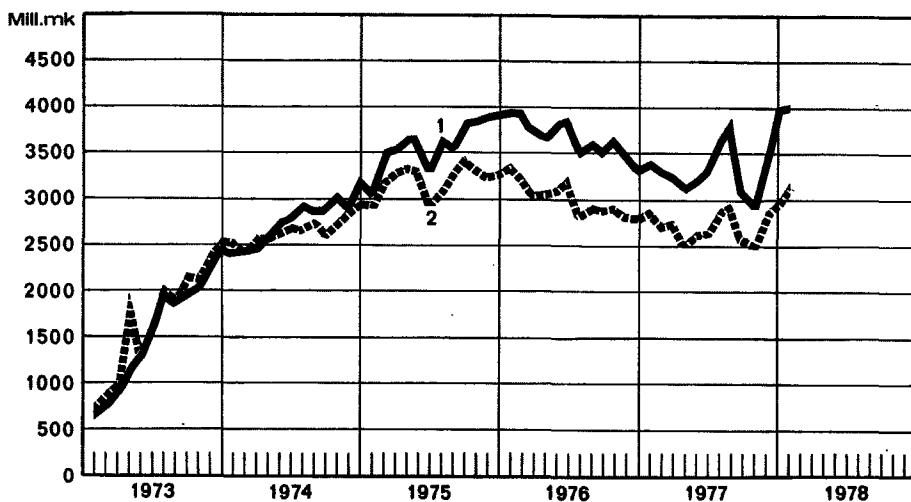
Vol. 52 No. 3

BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1973 - 1977



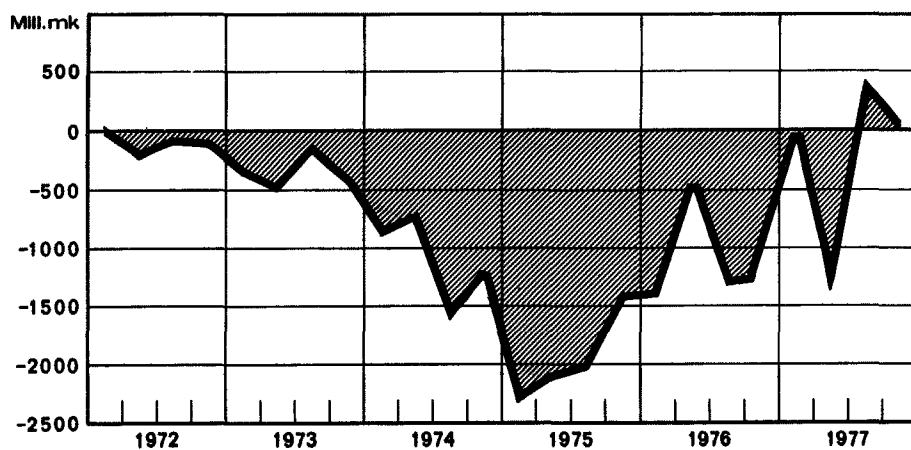
- 1. Gold and convertible currencies
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BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC FINANCIAL SECTOR, 1973 - 1977



- 1. Net receivables from the domestic financial sector
 - 2. Discounted and rediscounted bills
- Seasonally adjusted end-of-month figures

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1972 - 1977



Seasonally adjusted quarterly figures

FINLAND'S FOREIGN ASSETS AND LIABILITIES

The restoration of external balance has probably been the major target of Finnish economic policy in recent years. This goal was accomplished fairly well in 1977, for the current account deficit declined from 4 500 million marks in 1976 to 700 million marks.

This decline in the current account deficit was largely attributable to a growth in the volume of exports and a substantial curtailment of corporate investment. Accordingly, the demand for long-term foreign capital for financing new investment projects was weaker than in the previous years. On the other hand, corporations wanted, to an increasing extent, to raise foreign loans in order to meet their need for working capital. However, the Bank of Finland continued to be very sparing in granting permits for long-term foreign borrowing, so as to maintain Finland's external credit-worthiness and to improve the current account position. In fact, the availability of capital and the loan terms remained good on the international capital markets.

According to preliminary figures, Finland's net foreign debt amounted to 27 081 million marks at the end of 1977. As shown by the table, it has more than doubled during the last three years. However, owing to the pursuit of a stringent financial policy, the growth of Finland's foreign debt has slowed down. The net debt in terms of marks grew by 18 per cent in 1977, mainly due to the devaluation of the

mark, as against 16 per cent in 1976 and 74 per cent in 1975. The ratio of net foreign debt to GDP at market prices, a measure of the level of indebtedness, increased by 0.7 percentage points in 1976, by almost 7 percentage points in 1975, and by 1.4 percentage points in 1977. At the end of 1977, Finland's net foreign debt was 22.5 per cent of GDP at market prices.

An improvement in the debt structure was one positive aspect in the development of the country's indebtedness: the short-term net debt declined to 1 340 million marks. This was mainly attributable to a decline in the import-credit debt and an increase in export receivables, brought about by the restoration of the foreign trade balance. The table shows the structure of Finland's foreign debt. Long-term liabilities accounted for about two thirds of the gross debt. Of the foreign assets, about one quarter were long-term and the remainder short-term assets.

At the end of 1977, Finland's gross long-term foreign debt amounted to 30 356 million marks, 2 100 million marks of which was the Bank of Finland's Oil Facility purchases and drawings from its foreign credit facilities made during 1975—1977 to support the foreign exchange reserve position. The gross long-term debt increased by 6 635 million marks (28 per cent) during 1977. Twelve percentage points of this increase in the debt was attributable to the impact of the devaluations of the

FINLAND'S NET FOREIGN DEBT IN 1974—1977, MILLION MARKS

	1974	1975	1976	1977
Long-term liabilities, gross	12 650	18 902	23 721	30 356
Long-term assets, gross	2 964	3 459	3 790	4 615
Net long-term debt	9 686	15 443	19 931	25 741
Short-term liabilities, gross	12 221	15 326	15 500	15 910
Short-term assets, gross	10 473	10 826	12 390	14 570
Net short-term debt	1 748	4 500	3 110	1 340
Net foreign debt	11 434	19 943	23 041	27 081
As a percentage of GDP at market prices	13.6	20.4	21.1	22.5

Finnish mark in April and September. Accordingly, the actual new borrowing amounted to 3 912 million marks, net, which was 14 per cent less than in 1976. If the drawings of credits made to support the foreign exchange reserve position are excluded, net drawings of long-term loans in 1977 amounted to 2 670 million marks, which was 34 per cent less than in 1976.

Gross drawings of long-term foreign capital totalled 6 734 million marks, which was 5 per cent more than in 1976. Of these drawings, about one fifth were the Bank of Finland's drawings from its foreign credit facilities. The drawings made by other borrowers declined by 7 per cent from the previous year. As a result of the recent years' growth in the debt outstanding, debt service charges on the gross long-term debt increased from 3 228 million marks to 5 066 million marks. The share of redemptions in debt service charges was 2 822 million marks, as against 1 822 million marks in the previous year. As a consequence, the ratio of total debt service charges to current account earnings rose from 10.6 per cent in 1976 to 13.5 per cent in 1977.

There were no significant changes in the currency distribution of Finland's gross long-term foreign debt during 1977. At the end of the year, 46 per cent of the gross debt was denominated in U.S. dollars, 16 per cent in D-marks and 12 per cent in Swiss francs.

Corporations drew a slightly smaller amount of new foreign loans than in the previous year. However, as the redemptions on their outstanding loans increased substantially, their net imports of foreign capital declined by almost a half, as compared with 1976, and amounted to 1 219 million marks. The corporate sector's share in the stock of outstanding long-term loans declined by 5 percentage points to 63 per cent at the end of the year.

The drawings of new foreign loans made by the financial institutions (excl. the Bank of Finland's drawings) declined by about one fifth to 724 million marks. Their share in the

stock of outstanding long-term loans was unchanged at 16 per cent.

The public sector drew a slightly larger amount of new loans than in the previous year. Its share in the stock of outstanding long-term loans increased slightly, amounting to 14 per cent at the end of 1977.

The breakdown of drawings by type of loan remained almost the same as in 1976. Financial loans of 4 718 million marks, import credits and leasing credits together totalling 1 736 million marks, and direct investments of 251 million marks, accounted respectively for 70, 26 and 4 per cent of total drawings of foreign loans in 1977.

Nine Finnish bond issues, together worth 1 011 million marks, were floated abroad in 1977 (Enso-Gutzeit Oy: \$ 30 million; Imatran Voima Oy: 25 million EUA; Outokumpu Oy: Sfr 50 million; Rauma-Repola Oy: Sfr 20 million; the Finnish Government: 10 000 million yen; the Finnish Government: Sfr 80 million; the Finnish Government: \$ 50 million; the Industrialization Fund of Finland Ltd: \$ 25 million, and the Industrialization Fund of Finland Ltd: Sfr 20 million). There were also nine bond issues floated abroad in 1976 and their total value was almost the same. In addition to these bond issues, there were two Finnish debenture issues in 1977, together worth 242 million marks (Kansallis-Osake-Pankki: \$ 30 million; and Union Bank of Finland Ltd: \$ 30 million).

According to preliminary figures, Finland's gross long-term foreign assets increased by 825 million marks and totalled 4 615 million marks at the end of 1977. Drawings of long-term export credits amounted to 783 million marks, which was about 20 per cent more than in the previous year. This growth in export credits was mainly due to the metal industry's export deliveries. On the other hand, drawings of development credits were slightly over half of the amount in 1976.

February 21, 1978

BANK OF FINLAND

Mill. mk

	1977		1978			
	Feb. 28	Dec. 31	Feb. 8	Feb. 15	Feb. 23	Feb. 28
Assets						
Gold and foreign exchange receivables	1 862	2 139	2 322	2 404	2 821	2 985
Gold	127	133	133	133	133	133
Special drawing rights	236	204	187	187	187	187
Convertible currencies	817	1 265	1 339	1 462	1 797	1 916
Tied currencies	682	537	663	622	704	749
Other foreign receivables	1 637	1 959	2 016	2 031	2 111	2 093
Foreign bills	394	488	486	492	501	484
Foreign bonds	416	543	602	611	682	681
Currency subscription to Finland's quota in the IMF	827	928	928	928	928	928
Receivables from financial institutions	5 185	5 420	5 583	5 808	6 012	5 505
Cheque accounts of the commercial banks	176	110	150	159	160	149
Discounted bills	2 604	3 091	2 998	3 007	2 674	2 658
Bonds	509	354	494	478	661	535
Call money market advances	1 869	1 804	1 911	2 120	2 476	2 124
Other financial institution receivables	27	61	30	44	41	39
Receivables from the public sector	426	391	399	398	401	401
Bonds	68	60	60	60	64	64
Total coinage	282	304	319	319	319	319
Other public sector receivables	76	27	20	19	18	18
Receivables from corporations	1 306	1 416	1 458	1 463	1 479	1 504
New export bills	171	194	202	204	208	208
Financing of suppliers' credits	563	714	769	772	783	784
Bonds	195	214	210	210	210	209
Other corporate receivables	377	294	277	277	278	303
Other assets	60	85	89	92	85	60
Total	10 476	11 410	11 867	12 196	12 909	12 548
Liabilities						
Foreign exchange liabilities	77	94	60	60	55	55
Convertible accounts	49	53	39	40	36	36
Tied accounts	28	41	21	20	19	19
Other foreign liabilities	1 923	3 447	3 333	3 335	3 392	3 393
IMF mark accounts	1 665	1 838	1 838	1 838	1 838	1 838
Allocations of special drawing rights	258	300	300	300	300	300
Term liabilities	—	1 309	1 195	1 197	1 254	1 255
Notes and coins in circulation	2 790	3 167	2 905	2 926	2 964	3 040
Notes	2 545	2 892	2 625	2 647	2 685	2 759
Coins	245	275	280	279	279	281
Deposit certificates in circulation	—	200	180	180	180	180
Claims of financial institutions	1 867	1 194	2 056	2 278	2 877	2 441
Cheque account of Postipankki	1	1	0	0	0	0
Cheque accounts of the commercial banks	1	3	1	1	0	1
Call money market deposits	1 864	850	1 631	1 891	2 474	2 056
Capital import deposits	—	246	295	299	311	290
Other financial institution claims	1	94	129	87	92	94
Claims of the public sector	873	328	318	318	305	297
Cheque accounts	0	2	1	0	1	0
Counter-cyclical reserves	34	36	38	38	38	38
Capital import deposits	—	287	278	279	265	258
Other public sector claims	839	3	1	1	1	1
Claims of corporations	353	242	236	316	331	331
Investment deposits	53	35	33	33	33	33
Capital import deposits	291	181	183	263	279	279
Import levy deposits	4	19	18	18	17	17
Other corporate claims	5	7	2	2	2	2
Other liabilities	13	13	14	14	14	15
Equalization accounts	624	671	691	692	709	711
Capital accounts	1 956	2 054	2 074	2 077	2 082	2 085
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400
Reserve fund	436	436	545	545	545	545
Undisposed profits	102	—	109	109	109	109
Net earnings	18	218	20	23	28	31
Total	10 476	11 410	11 867	12 196	12 909	12 548

End of year or month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold and convertible exchange receivables	Convertible exchange liabilities	Gold and convertible exchange reserves (1-2)	Tied exchange reserves	Other receivables	Other liabilities	Net receivables (3+4+5-6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
1971	2 620	30	2 590	-297	686	704	2 275	148	140	- 8	400
1972	2 613	43	2 570	- 6	757	788	2 533	175	49	-126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	-388	1 123	788	1 669	302	560	258	1 040
1975	1 488	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250
1976	1 361	50	1 311	389	1 660	1 923	1 437	447	1 133	686	—
1977	1 602	53	1 549	496	1 959	3 447	557	391	328	- 63	200

1977

Jan.	1 074	53	1 021	768	1 636	1 923	1 502	440	979	539	—
Feb.	1 180	49	1 131	654	1 637	1 923	1 499	426	873	447	—
March	1 292	60	1 232	608	1 692	1 923	1 609	433	739	306	180
April	1 324	65	1 259	697	1 733	1 923	1 766	407	512	105	180
May	1 152	39	1 113	714	1 851	2 030	1 648	377	581	204	180
June	965	48	917	652	1 855	2 030	1 394	362	430	68	180
July	855	56	799	722	1 874	2 030	1 365	364	389	25	180
Aug	697	50	647	841	1 857	2 131	1 214	360	353	- 7	180
Sept.	1 072	51	1 021	878	1 856	2 134	1 621	365	343	- 22	180
Oct.	1 121	47	1 074	771	1 893	2 134	1 604	363	286	- 77	180
Nov.	903	46	857	797	1 912	2 556	1 010	364	407	43	180
Dec.	1 602	53	1 549	496	1 959	3 447	557	391	328	-63	200

1978

Jan.	1 492	40	1 452	648	1 983	3 360	723	399	320	-79	180
Feb.	2 236	36	2 200	730	2 093	3 393	1 630	401	297	-104	180

FOREIGN EXCHANGE SITUATION Mill. mk

	Net holdings, Dec. 31, 1977			Change	
	Bank of Finland	Other	Total	Dec.	Jan.—Dec.
Gold	133	—	133	+ 6	+ 12
Special drawing rights	204	—	204	+ 28	— 32
IMF gold tranche	—	—	—	—	—
Convertible currencies	1 212	-2 785	-1 573	+336	-744
Total	1 549	-2 785	-1 236	+370	-764
Tied currencies	496	146	642	-159	+280

CURRENCY INDEX¹

	1974 = 100
1977	
Nov.	110.6
Dec.	111.5
1978	
Jan.	111.1
Feb.	114.1

¹ See page 19, CURRENCY

End of year or month	Domestic financial sector						Corporate sector			Notes and coins in circulation	
	Dis-counted and re-dis-counted bills	Cheque account receiv-ables	Other receiv-ables	Cheque account liabilities to the commer-cial banks	Cheque account liabilities to Posti-pankki	Other liabili-ties	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties		Net receiv-ables (8-9)
	1	2	3	4	5	6	7	8	9	10	11
1971	849	—	—	9	2	—	838	355	385	— 30	1 413
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975	3 385	133	646	3	1	25	4 135	933	539	394	2 855
1976	2 920	174	1 580	2	2	1 139	3 531	1 400	308	1 092	2 885
1977	3 091	110	2 219	3	1	1 190	4 226	1 416	242	1 174	3 167

1977											
Jan.	2 729	119	2 095	2	0	1 673	3 268	1 308	244	1 064	2 758
Feb.	2 604	176	2 405	1	1	1 865	3 318	1 306	353	953	2 790
March	2 769	123	1 690	2	0	1 322	3 258	1 321	307	1 014	2 845
April	2 460	152	1 480	3	1	1 061	3 027	1 398	272	1 126	2 924
May	2 749	110	1 193	2	0	832	3 218	1 437	263	1 174	2 932
June	2 768	128	1 305	5	0	768	3 428	1 459	230	1 229	3 154
July	2 773	116	1 320	5	0	797	3 407	1 498	232	1 266	3 157
Aug	2 779	85	1 463	1	1	846	3 479	1 439	260	1 179	3 022
Sept.	2 700	140	1 303	5	0	1 010	3 128	1 476	266	1 210	3 079
Oct.	2 722	122	1 691	1	0	1 376	3 158	1 467	305	1 162	3 072
Nov.	3 058	132	1 809	1	0	1 142	3 856	1 428	236	1 192	3 075
Dec.	3 091	110	2 219	3	1	1 190	4 226	1 416	242	1 174	3 167

1978											
Jan.	3 060	139	2 575	1	0	1 900	3 873	1 439	239	1 200	2 990
Feb.	2 658	149	2 698	1	0	2 440	3 064	1 504	331	1 173	3 040

SELLING RATES FOR FOREIGN EXCHANGE

Mk

Feb. 21, 1978

New York ¹	1 \$	4.198	Frankfurt o. M.	100 DM	206.35	Vienna	100 S	28.70
Montreal	1 \$	3.745	Amsterdam	100 Fl	191.60	Lisbon	100 Esc	10.65
London	1 £	8.206	Brussels ²	100 Fr		Madrid	100 Pta	5.28
Stockholm	100 Kr	91.25	Zurich	100 Fr	229.75	Tokyo	100 Y	1.775
Oslo	100 Kr	79.20	Paris	100 FF	87.80	Reykjavik	100 Kr	1.68
Copenhagen	100 Kr	75.30	Rome	100 Lit	0.497	Moscow ³	1 Rbl	6.039

¹ As from Dec. 20, 1971 also applied to clearing accounts with Berlin Budapest and Sofia.² 13.210 commercial rate; 13.210 financial rate.³ Clearing account; also Bucharest.

DEPOSITS BY THE PUBLIC

Mill. mk

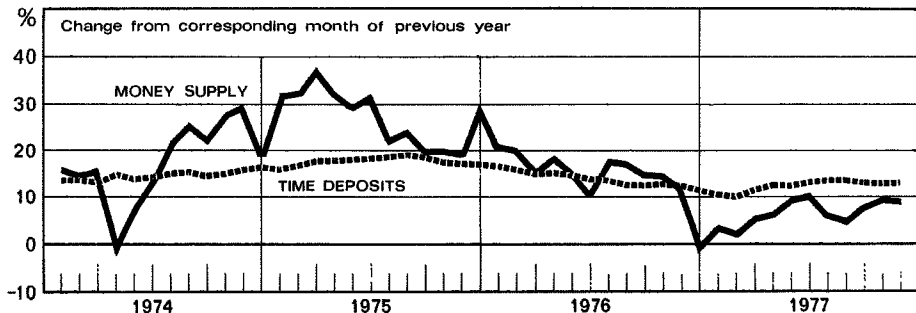
End of year or month	Demand deposits			Time deposits						Total (2 + 3 + 9)
	Cheque accounts		Postal giro accounts	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Co-op. stores	All credit institutions	
	Commercial banks	All credit institutions								
	1	2	3	4	5	6	7	8	9	10
1970	1 143	1 508	603	6 099	4 847	3 458	1 288	574	16 266	18 377
1971	1 343	1 734	754	6 962	5 446	3 877	1 491	642	18 418	20 906
1972	1 851	2 371	979	8 096	6 232	4 500	1 805	720	21 353	24 703
1973	2 144	2 892	1 360	8 989	7 109	5 237	2 159	805	24 299	28 551
1974	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487
1975	3 447	4 642	2 301	11 764	9 751	7 538	3 170	1 094	33 317	40 260
1976	3 030	4 394	2 332	12 789	11 061	8 616	3 578	1 255	37 299	44 025
1977*	2 824	4 343	2 204	14 195	12 671	9 854	4 090	1 351	42 161	48 708

1977*

Jan.	2 969	4 190	2 370	12 718	11 166	8 721	3 616	1 282	37 503	44 063
Feb.	2 827	4 103	2 495	12 719	11 273	8 821	3 673	1 296	37 782	44 380
March	2 911	4 265	2 346	12 783	11 362	8 885	3 737	1 307	38 074	44 685
April	2 923	4 234	2 382	12 988	11 443	9 183	3 758	1 324	38 696	45 312
May	3 163	4 536	2 221	13 108	11 597	9 081	3 787	1 331	38 904	45 661
June	3 199	4 617	2 219	13 222	11 826	9 219	3 822	1 337	39 426	46 262
July	2 928	4 342	2 115	13 339	11 995	9 327	3 894	1 348	39 903	46 360
Aug.	3 153	4 646	2 021	13 428	12 122	9 478	3 937	1 348	40 313	46 980
Sept.	2 961	4 422	2 043	13 355	12 116	9 477	3 938	1 345	40 231	46 696
Oct.	3 045	4 538	2 005	13 429	12 130	9 505	3 963	1 352	40 379	46 922
Nov.	3 137	4 651	2 000	13 543	12 343	9 698	3 990	1 340	40 914	47 565
Dec.	2 824	4 343	2 204	14 195	12 671	9 854	4 090	1 351	42 161	48 708

1978*

Jan.	2 981	4 365	2 365	13 963	12 746	9 908	4 116	1 360	42 093	48 823
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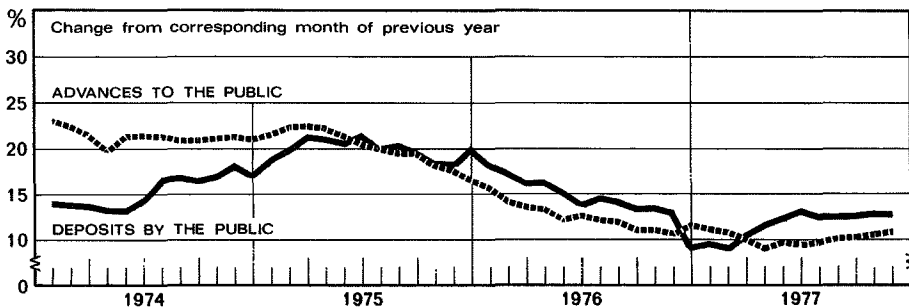
ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year or month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money supply
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7		
1970	7 963	4 342	3 404	1 342	1 454	17 815	690	18 505	3 445
1971	9 234	4 795	3 834	1 747	1 799	20 640	769	21 409	4 025
1972	10 667	5 503	4 483	2 245	2 374	24 473	799	25 272	4 959
1973	13 365	6 497	5 302	3 399	2 696	30 286	973	31 259	6 115
1974	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283
1975	17 773	9 108	7 798	5 488	4 129	43 002	1 294	44 296	9 450
1976	19 090	10 616	9 247	6 012	4 573	47 947	1 591	49 538	9 268
1977*	20 739	12 309	10 527	6 340	5 306	..	..	55 221	..

1977*									
Month	1	2	3	4	5	6	7	8	9
Jan.	19 176	10 683	9 271	6 044	4 625	48 168	1 631	49 799	8 960
Feb.	19 204	10 762	9 276	6 071	4 619	48 281	1 651	49 932	9 001
March	19 208	10 804	9 279	6 095	4 589	48 330	1 645	49 975	9 076
April	19 296	10 888	9 296	6 078	4 642	48 624	1 576	50 200	9 177
May	19 332	11 057	9 404	6 197	4 673	49 091	1 572	50 663	9 319
June	19 514	11 145	9 539	6 196	4 760	49 490	1 664	51 154	9 572
July	19 563	11 265	9 671	6 153	4 796	49 846	1 602	51 448	9 231
Aug.	19 792	11 433	9 791	6 175	4 827	50 321	1 697	52 018	9 294
Sept.	20 026	11 644	9 962	6 237	4 840	51 020	1 689	52 709	9 198
Oct.	20 270	11 795	10 119	6 343	4 873	51 648	1 752	53 400	9 260
Nov.	20 532	12 006	10 277	6 409	4 915	52 362	1 777	54 139	9 367
Dec.	20 739	12 309	10 527	6 340	5 306	..	..	55 221	..

1978*									
Month	1	2	3	4	5	6	7	8	9
Jan.	20 810	12 424	10 560	6 607	5 336	..	..	55 737	..



STATE FINANCES

Mill. mk

Revenue	Jan.—Nov.		Expenditure	Jan.—Nov.		
	1976	1977		1976	1977	
Income and wealth tax (net)	10 638	9 300	Wages, salaries, pension etc.	4 735	5 246	
Gross receipts	(21 946)	(24 197)	Repair and maintenance	643	728	
Refunds & local authorities	(11 308)	(14 897)	Other consumption expenditure	2 123	2 582	
Other taxes on income and wealth	218	244	Total consumption expenditure	7 501	8 556	
Employers child allowance payments	1 019	1 101	State aid to local authorities	5 410	6 350	
Sales tax	5 736	7 299	State aid to industries	4 083	4 324	
Customs duties and import charges and levies	758	828	of which: agric. price subsidies	(2 295)	(2 430)	
Excise duties ¹	4 216	5 083	Child allowances	775	1 050	
Excise duty on alcoholic beverages ¹	1 546	1 605	Share in national pensions and sickness insurance schemes	244	273	
Excise duty on tobacco	771	769	Other transfer expenditure	3 088	3 680	
Excise duty on liquid fuel	1 399	1 721	Total transfer expenditure	13 600	15 677	
Other excise duties ¹	500	988	Machinery and equipment	1 015	1 196	
Tax on autom. and motor-cycles	749	811	Construction of buildings	522	572	
Stamp duties	566	667	Land and waterway construction	1 416	1 345	
Special diesel etc. vehicles tax	70	118	Total real investment	2 953	3 113	
Other taxes and similar revenue ¹	798	770	Interest on State debt	232	367	
Total taxes	24 768	26 221	Net deficit of State enterprises	202	—63	
Miscellaneous revenue	1 560	1 707	Other expenditure	42	47	
Interest, dividends etc.	489	558	Total other expenditure	476	351	
Redemptions of loans granted	366	292	Increase in inventories	63	52	
Total revenue	27 183	28 778	Lending	2 645	2 721	
Foreign borrowing	590	892	Other financial investment	550	582	
Domestic borrowing	740	1 025	Total expenditure	27 788	31 052	
Total borrowing	1 330	1 917	Redemption of foreign loans	132	108	
Deficit (+) or surplus (—)	—358	+757	Redemption of domestic loans	235	292	
Total	Total	28 155	31 452	Total redemptions	367	400

¹ New series.

State debt	1975	1976	1977			
	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.
Foreign debt	1 603	2 248	2 525	2 734	2 974	3 454
Loans	1 645	2 175	2 631	2 736	2 845	2 874
Compensatory obligations	1	1	1	1	1	1
Short-term credit	85	287	167	157	257	227
Cash debt (net)	—242	—643	—46	—192	—465	—462
Domestic debt	1 489	1 820	2 753	2 702	2 638	2 640
Total State debt	3 092	4 068	5 278	5 436	5 612	6 094
Total debt, mill \$	798	1 069	1 306	1 300	1 352	1 459

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1973	14 605	16 599	-1 994
1974	20 687	25 666	-4 979
1975	20 247	28 002	-7 755
1976	24 505	28 555	-4 050
1977*	30 945	30 712	+ 233

1976

Sept.	2 119	2 632	- 513
Oct.	2 395	2 361	+ 34
Nov.	2 463	2 783	- 320
Dec.	2 610	3 305	- 695

1977*

Jan.	2 469	2 389	+ 80
Feb.	1 917	1 992	-75
March	2 621	2 404	+ 217
April	2 084	2 169	- 85
May	2 233	2 421	- 188
June	2 541	3 120	- 579
July	2 833	2 443	+ 390
Aug.	2 240	2 397	-157
Sept.	2 901	2 848	+ 53
Oct.	2 991	2 588	+ 403
Nov.	2 960	2 891	+ 69
Dec.	3 155	3 050	+ 105

Indices of exports and
imports 1975 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1973	121	93	60		64	94
1974	121	100	85	92	92
1975	100	100	100	100	100
1976	117	96	103	107	97
1977*	129	88	119	124	96

1975

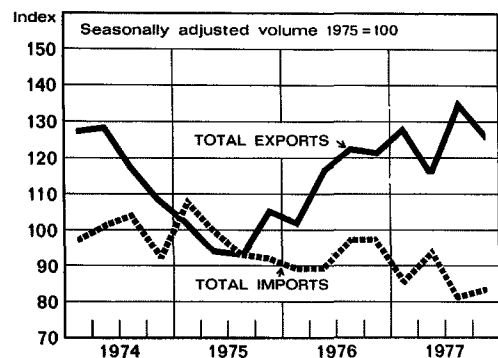
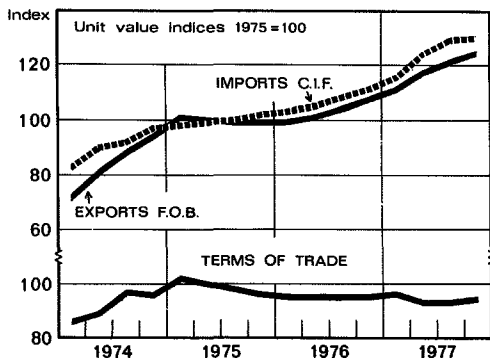
Jan.-March	100	107	102	99	103
Apr.-June	92	95	101	100	100
July-Sept.	89	94	100	101	99
Oct.-Dec.	116	100	100	103	97

1976

Jan.-March	99	87	100	104	96
Apr.-June	114	84	102	106	96
July-Sept.	116	98	105	109	96
Oct.-Dec.	136	107	108	112	96

1977*

Jan.-March	124	83	112	116	97
Apr.-June	115	88	118	125	94
July-Sept.	129	84	122	130	94
Oct.-Dec.	143	93	125	131	95



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

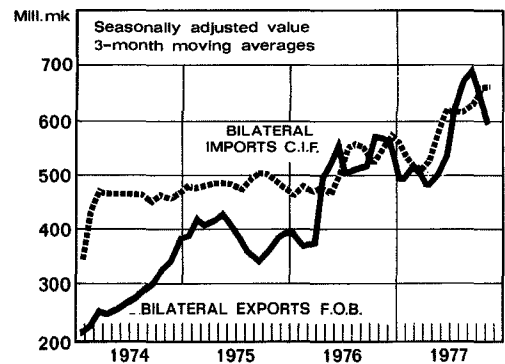
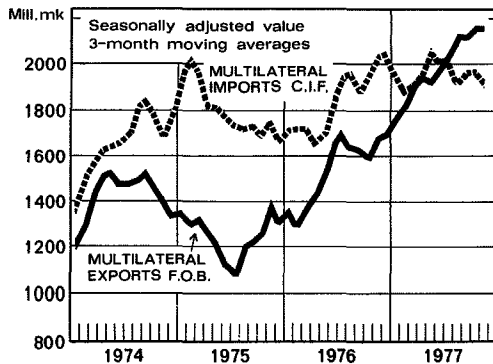
Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1973	432	2 458	5 266	2 921	3 528	9 916	729	2 919	2 968	67
1974	464	3 153	7 872	4 245	4 953	16 525	1 978	3 957	3 282	24
1975	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63
1976	804	2 892	7 860	6 891	6 058	17 828	1 581	4 966	4 103	77
1977*	1 100	3 854	8 798	9 184	8 009	19 124	2 067	4 834	4 600	87

1976

Sept.	47	276	665	554	577	1 564	166	515	386	1
Oct.	71	255	741	749	579	1 448	177	380	346	10
Nov.	66	273	724	826	574	1 849	157	371	397	9
Dec.	161	311	741	797	600	2 145	144	583	422	11

1977*

Jan.	204	286	655	748	576	1 384	144	546	308	7
Feb.	45	232	625	476	539	1 297	102	271	320	2
March	181	261	802	692	685	1 488	85	381	448	2
April	54	246	630	600	554	1 277	107	373	405	7
May	106	350	681	435	661	1 451	148	370	441	11
June	90	366	750	770	565	1 984	202	565	353	16
July	87	352	701	1 045	648	1 609	178	319	316	21
Aug.	48	340	674	605	573	1 591	165	275	356	10
Sept.	44	337	795	943	782	1 789	284	372	399	4
Oct.	41	321	753	1 106	770	1 655	222	321	389	1
Nov.	44	417	896	802	801	1 729	198	511	453	0
Dec.	156	346	836	962	855	1 870	232	530	412	6



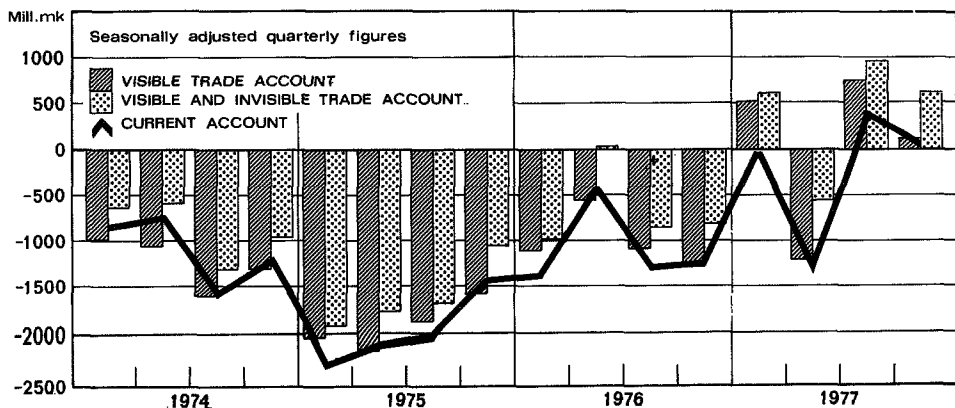
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—December				January—December			
	1976*		1977*		1976*		1977*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	63.9	15 664	63.8	19 752	64.3	18 361	62.7	19 238
Austria	0.7	170	0.8	266	1.5	420	1.2	368
Belgium and Luxembourg	1.7	418	2.1	639	1.8	508	1.7	531
Denmark	3.8	938	3.6	1 113	3.0	861	2.9	881
France	3.5	867	3.4	1 063	2.7	785	2.8	847
Federal Republic of Germany	9.8	2 408	10.5	3 251	16.0	4 571	15.3	4 686
Italy	1.6	386	1.2	361	1.8	527	1.8	548
Netherlands	3.0	741	3.4	1 069	3.0	863	3.3	1 024
Norway	3.4	832	5.2	1 605	3.0	867	3.7	1 122
Portugal	0.3	71	0.3	81	0.3	86	0.3	100
Spain	1.0	242	0.8	262	1.3	364	1.2	363
Sweden	17.8	4 350	16.5	5 104	18.2	5 201	16.0	4 900
Switzerland	1.6	405	1.9	590	3.4	956	3.2	995
United Kingdom	14.3	3 493	12.1	3 741	8.0	2 277	9.0	2 778
Other	1.4	343	2.0	607	0.3	75	0.3	95
OECD countries outside Europe	4.9	1 201	6.2	1 933	9.5	2 728	8.6	2 643
Canada	0.6	144	0.5	168	0.4	117	0.5	131
Japan	0.7	165	0.8	258	1.6	445	1.8	560
United States	2.7	659	4.1	1 275	7.5	2 154	6.3	1 940
Other	0.9	233	0.8	232	0.0	12	0.0	12
CMEA countries	23.4	5 722	21.7	6 720	21.5	6 139	23.3	7 161
Czechoslovakia	0.6	134	0.4	115	0.5	136	0.4	134
German Democratic Republic	0.8	205	0.8	250	0.5	137	0.6	176
Poland	1.1	269	0.7	215	1.6	478	2.2	679
Soviet Union	20.0	4 903	19.0	5 887	18.0	5 132	19.3	5 923
Other	0.9	211	0.8	253	0.9	256	0.8	249
Latin America	2.2	551	2.1	654	2.1	599	1.7	523
Argentina	0.2	47	0.2	72	0.0	14	0.0	16
Brazil	0.5	121	0.5	142	0.6	177	0.2	54
Colombia	0.1	21	0.1	25	0.6	163	0.9	273
Other	1.4	362	1.3	415	0.9	245	0.6	180
Other	5.6	1 367	6.2	1 886	2.6	728	3.7	1 147
GRAND TOTAL	100.0	24 505	100.0	30 945	100.0	28 555	100.0	30 712
of which								
EFTA countries	23.9	5 860	25.4	7 866	26.5	7 559	24.5	7 529
EEC countries	38.3	9 378	36.8	11 399	36.5	10 423	36.9	11 330
OECD countries	68.8	16 865	70.1	21 685	73.9	21 089	71.3	21 881

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
1974 r	20 605	25 598	-4 993	+1 075	+326	+105	-3 487	-1 006	-69	-4 562
1975	20 181	27 939	-7 758	+ 984	+105	+217	-6 452	-1 414	-108	-7 974
1976	24 372	28 472	-4 100	+1 193	+ 22	+245	-2 640	-1 749	-118	-4 507
1974										
Oct.-Dec.	5 753	6 879	-1 126	+204	- 1	+89	- 834	-291	-29	-1 154
1975										
Jan.-March	5 143	7 368	-2 225	+292	- 43	- 44	-2 020	-316	-57	-2 393
Apr.-June	4 695	6 688	-1 993	+221	+ 13	- 2	-1 761	-379	-15	-2 155
July-Sept.	4 482	6 649	-2 167	+237	+142	+ 57	-1 731	-308	- 6	-2 045
Oct.-Dec.	5 861	7 234	-1 373	+234	- 7	+206	- 940	-411	-30	-1 381
1976										
Jan.-March	4 987	6 307	-1 320	+252	- 50	+ 65	+1 053	-347	-35	-1 435
Apr.-June	5 864	6 224	- 360	+252	+ 49	+ 26	- 33	-485	-26	- 544
July-Sept.	6 098	7 515	-1 417	+365	+ '62	+110	- 880	-434	-17	-1 331
Oct.-Dec.	7 423	8 426	-1 003	+324	- 39	+ 44	- 674	-483	-40	-1 197
1977*										
Jan.-March	6 981	6 765	+ 216	+310	- 80	+ 75	+ 521	-506	-46	- 31
Apr.-June	6 820	7 692	- 872	+243	+ 10	+ 34	- 585	-726	-11	-1 322
July-Sept.	7 932	7 663	+ 269	+368	+117	+194	+ 948	-531	-29	+ 388

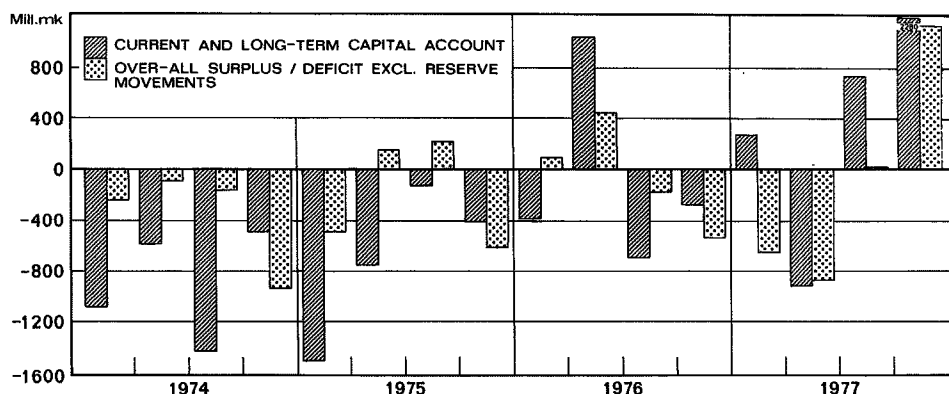


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items, incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+2 730	-1 537	-223	- 23	+ 947	-3 615	+930	+337	+ 873	-1 475	+739	+ 736
+6 729	-1 445	-214	+ 62	+5 132	-2 842	+638	+1 449	+ 8	- 747	-444	+1 191
+6 130	-1 785	-191	+ 48	+4 202	- 305	+138	-1 288	+1 327	- 128	+ 78	+ 50
+942	-274	- 24	+ 15	+659	- 495	-209	-157	- 86	-947	+498	+449
+1 206	-310	- 24	+ 11	+ 883	-1 510	+310	+758	- 35	-477	- 32	+509
+1 870	-433	- 48	+ 9	+1 398	-757	-140	+758	+296	+157	-668	+511
+2 121	-287	- 3	+ 57	+1 888	-157	+131	- 34	+265	+205	+ 91	-296
+1 532	-415	-139	- 15	+ 963	-418	+337	- 33	-518	-632	+165	+467
+1 404	-374	+ 5	+ 11	+1 046	- 389	-628	+119	+996	+ 98	+373	-471
+2 096	-394	- 95	- 7	+1 600	+1 056	-158	+120	-560	+458	-485	+ 27
+1 239	-568	- 11	- 25	+ 635	- 696	+565	-764	+722	-173	+263	- 90
+1 391	-449	- 90	+ 69	+ 921	- 276	+359	-763	+169	-511	- 73	+584
+1 022	-550	-127	- 24	+ 321	+ 290	-802	+149	-270	-633	-140	+773
+1 273	-857	+ 36	- 36	+ 416	- 906	-320	+149	+218	-859	+358	+501
+1 252	-647	-157	- 85	+ 363	+ 751	+217	-1 517	+554	+ 5	-319	+314

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

¹ Including Direct investment, net.

² 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 1973 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machin- & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1976	626	646	548	614	707	621	679	594	614	152	142	154
1977	692	713	610	667	804	695	728	654	695	171	154	176
1977												
March	682	706	591	660	777	687	727	645	680	167	149	172
April	686	708	601	665	790	688	730	646	686	168	149	173
May	688	709	607	666	795	690	727	648	691	169	150	174
June	692	714	610	667	802	698	725	659	694	172	158	176
July	697	719	613	671	807	704	736	661	697	173	158	176
Aug.	696	718	610	667	806	706	727	663	700	175	158	180
Sept.	701	722	621	673	826	705	730	665	707	175	158	180
Oct.	703	722	631	675	829	709	735	665	710	175	157	180
Nov.	705	723	632	677	830	709	737	665	711	176	157	181
Dec.	705	724	634	677	833	710	735	666	713	176	157	182
1978												
Jan.	706	725	637	675	845	713	730	667	719	177	155	183

Period	Consumer prices 1972 = 100											
	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.—Dec. 1957 = 100	Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Trans- port	Education and recreation	Other goods and services
1976	449	352	174	182	164	166	171	200	164	174	162	185
1977	506	397	196	216	174	181	183	221	181	197	188	209
1977												
March	489	384	190	207	174	179	175	214	177	190	182	202
April	493	387	192	209	174	180	175	215	179	193	183	203
May	500	392	194	212	174	182	181	218	180	196	184	205
June	506	397	197	219	174	182	181	222	181	197	184	209
July	510	400	198	222	174	177	181	222	182	199	190	211
Aug.	518	407	201	226	174	179	190	223	183	202	191	213
Sept.	520	408	202	225	174	184	190	223	184	202	193	215
Oct.	522	410	203	225	174	185	190	229	185	203	194	216
Nov.	524	412	204	226	174	187	192	230	186	203	195	217
Dec.	525	412	204	225	174	186	192	233	187	205	196	217
1978												
Jan.	526	412	204	222	174	183	192	234	188	209	198	218

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	Industry	Construction							
1976	599	442	428	361	360	353	416	346	441	399
1977*	701	483	454	384	387	375	452	372	478	431
1976										
Jan.-March	584	416	410	352	347	347	396	337	417	382
Apr.-June	594	449	427	363	364	356	422	347	448	404
July-Sept.	602	448	434	364	364	355	425	349	451	406
Oct.-Dec.	639	456	440	364	364	356	426	350	451	407
1977*										
Jan.-March	695	457	441	372	375	364	429	357	454	412
Apr.-June	694	487	454	385	389	378	454	373	482	434
July-Sept.	704	491	460	388	391	379	463	376	491	441
Oct.-Dec.	707	498	463	393	394	380	464	381	490	442

PRODUCTION

Volume indices of production 1964 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1975	161	192	100	83	175	104	158	188	166	168	169
1976*	163	195	101	79	156	103	160	191	173	176	174
1977*	162	191	96	83	157	101	160	186	181	182	178
1976*											
Jan.-March	157	202	62	84	123	102	149	182	171	174	172
Apr.-June	161	195	97	91	137	106	157	187	172	175	174
July-Sept.	160	167	178	56	169	101	161	186	173	176	174
Oct.-Dec.	172	216	67	86	196	102	171	207	177	179	177
1977*											
Jan.-March	158	200	61	99	128	100	152	175	179	180	177
Apr.-June	159	190	81	94	139	103	157	184	180	180	177
July-Sept.	159	167	166	54	170	101	162	180	181	182	178
Oct.-Dec.	171	209	76	83	190	102	171	204	185	184	180

PRODUCTION

Index of industrial production 1970 = 100

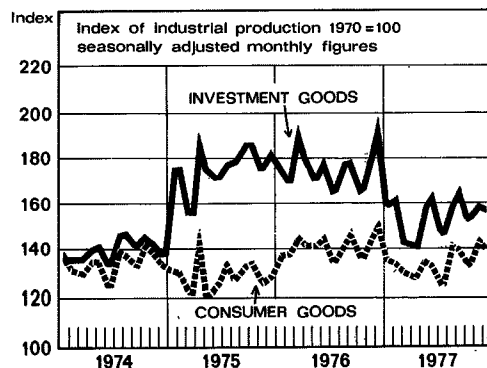
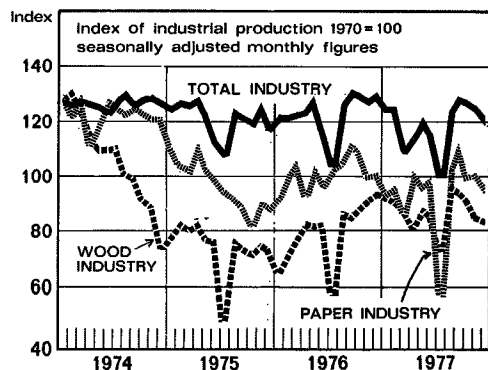
Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1974	127	141	122	135	112	107	124	154	136	141	127
1975	122	178	110	130	113	76	95	143	128	150	122
1976	125	179	108	143	110	82	99	148	119	150	124
1977*	122	160	108	138	109	89	96	139	115	142	122

1976*

Oct.	135	185	119	151	118	88	119	140	140	159	130
Nov.	137	198	120	153	121	104	107	168	138	167	129
Dec.	133	188	116	149	106	90	96	177	125	161	130

1977*

Jan.	130	178	116	141	99	86	96	182	128	153	126
Feb.	126	171	112	138	93	88	100	164	117	149	126
March	126	160	112	141	103	101	94	147	115	146	112
April	115	151	102	128	99	92	90	136	96	136	116
May	130	180	114	148	115	114	101	133	127	158	123
June	118	173	101	139	106	95	79	106	123	152	117
July	64	63	58	78	95	41	58	77	61	51	108
Aug.	125	154	110	145	115	88	108	137	121	139	124
Sept.	135	179	120	151	115	97	115	147	132	158	131
Oct.	134	176	120	150	123	92	110	141	128	156	127
Nov.	136	181	121	155	127	97	109	151	123	162	127
Dec.	124	155	111	140	111	82	92	151	104	143	125



LABOUR—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	Retailers' sales volume index 1972 = 100	Wholesalers' volume index 1972 = 100
1974	3 483	2 268	2 229	39	1.7	34 457	114	114
1975	3 513	2 272	2 221	51	2.2	29 133	122	127
1976*	3 530	2 244	2 158	86	3.8	27 305	123	127
1977*	..	2 226	2 090	136	6.1	27 814	..	..

1977*

Jan.	3 524	2 181	2 053	128	5.9	2 455	93	95
Feb.	3 528	2 163	2 032	131	6.1	2 934	95	109
March	3 527	2 161	2 030	131	6.1	3 564	109	127
April	3 524	2 152	2 016	136	6.2	3 227	111	123
May	3 523	2 186	2 054	132	6.1	2 856	115	128
June	3 531	2 402	2 266	136	5.7	1 870	117	119
July	3 524	2 410	2 264	146	6.1	685	115	104
Aug.	3 524	2 304	2 165	139	6.0	1 240	118	127
Sept.	3 524	2 198	2 078	120	5.5	1 824	116	133
Oct.	3 524	2 194	2 070	124	5.7	2 090	111	125
Nov.	3 524	2 172	2 028	144	6.6	2 355	111	124
Dec.	3 524	2 186	2 029	157	7.2	2 714	..	..

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											
1974	53.23	22.35	3.26	21.30	3.52	46.50	21.54	2.75	17.04	3.14	52.84
1975	51.42	19.65	3.79	21.62	3.39	47.85	20.59	2.80	18.68	3.64	52.45
1976*	46.90	19.95	3.93	15.81	3.83	40.95	17.60	3.12	15.32	2.58	52.48
1976*											
Apr.-June	14.00	7.39	1.80	2.96	0.55	10.09	3.87	0.39	4.63	0.73	51.73
July-Sept.	12.42	5.43	0.71	4.44	0.97	9.61	3.87	1.05	3.22	0.71	55.22
Oct.-Dec.	11.96	4.09	0.69	5.12	1.45	12.85	6.16	1.15	3.94	0.80	52.48
1977*											
Jan.-March	6.73	2.92	0.66	1.91	0.83	9.08	3.50	0.45	4.33	0.54	48.54
Apr.-June	13.22	7.00	1.71	2.69	0.80	8.76	4.16	0.38	2.76	0.99	51.52
July-Sept.	11.20	4.67	1.06	3.70	0.91	10.23	3.78	0.92	3.87	0.93	54.31

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

The balance sheet of the Bank of Finland was revised on Dec. 31, 1974 in connection with the revision of accounting legislation. New series have been built according to the revision. When the figures are not fully comparable to the previous ones, the series is broken by a line.

Page 4. *Foreign sector*: Gold and convertible exchange receivables = Gold + Special drawing rights + IMF gold tranche + Convertible currencies.

Gold and convertible exchange reserve = Gold and convertible exchange receivables — Liabilities in convertible currencies.

Non-convertible exchange reserve = Receivables in tied currencies — Liabilities in tied currencies.

Other receivables = Foreign bills + Foreign bonds + Currency subscription to Finland's quota in the IMF.

Other liabilities = IMF mark accounts + Allocations of special drawing rights + Term liabilities.

Public sector: Receivables = Total coinage + Other public sector receivables + Bonds.

Liabilities = Cheque accounts + Counter-cyclical reserves + 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 receivables = Call money market advances + Bonds + Other financial institution receivables. Other liabilities = Call money market deposits + Capital import deposits + Other financial institution claims.

Corporate sector: Receivables = New export bills + Financing of suppliers' credits + Other corporate receivables + Bonds.

Liabilities = Investment deposits + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Other corporate claims.

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

Figures for deposits and advances are supplied by the Central Statistical Office. From the beginning of 1974 the figures include deposits by and advances to other credit institutions.

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.

From 1974 the money supply includes estimates of Finnish notes and coins held by the savings and co-operative banks. Exact figures are not available.

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 Postipankki 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 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. 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. 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 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. Commodities according to use: Investment goods weight 7.0, other producer goods weight 67.0 and consumer goods weight 26.0. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.8, manufacture of wood, and wood and cork products (SIC 311-2) 8.0, manufacture of paper and paper products (SIC 341) 15.2, manufacture of industrial chemicals (SIC 351-2) 5.2, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.6 and metal industry (SIC 37-38) 25.9.

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

SYMBOLS USED

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. Mr. Urho Kekkonen has been President since 1956 and he was re-elected for the period March 1, 1978, to March 1, 1984.

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 1975 is as follows: Social Democrats 54, People's Democrats 40, Centre Party 41, Conservatives 34, Swedish Party 10, Liberal Party 8, Christian League 9, Finnish Farmers Party 2 and Finnish People's Constitutional Party 2.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1956, IFC 1956, IDA 1980, EFTA 1961, ADB 1966, OECD 1969, and IDB 1977.

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1976): 4.7 million. Sweden 8.2. Switzerland 6.4, Denmark 5.1 and Norway 4.0 million.

DENSITY OF POPULATION (1976): In South Finland 46.2, in East and Central Finland 13.9, in North Finland 4.0 and in the whole country an average of 15.5 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1976): 41 % of the population inhabit the rural areas, 59 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 493 324 inhabitants, Tampere (Tammerfors) 166 179, Turku (Åbo) 164 520.

EMPLOYMENT (1976): Agriculture and forestry 14 %, industry and construction 35 %, commerce 15 %, transport and communications 8 %, services 28 %.

LANGUAGE (1975): Finnish speaking 93.3 %, Swedish speaking 6.4 %, others 0.3 %.

EDUCATION (1977): 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 (1976): births 14.0 ‰, deaths 9.4 ‰, change + 2.7 ‰, net emigration 2.0 ‰. Deaths in France 10.5 ‰ and Great Britain 12.2 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1976, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 6 407 (6 %), forestry and fishing 4 950 (5 %), manufacturing 31 509 (31 %), construction 9 233 (9 %), transport and communication 10 849 (11 %), commerce, banking and insurance 13 585 (14 %), public administration 5 264 (5 %), ownership of dwellings 3 639 (4 %), services 15 581 (15 %), total 101 017. Index of real domestic product 162 (1964 = 100).

FOREST RESOURCES (1976): The growing stock comprised of 1 520 million m³ (solid volume with bark) of which 45 % was pine and 37 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 637 million m³ was up to the standard required for logs, 56 % of these being pine. The annual growth was 57.4 million m³ and the total removal, calculated on the basis of roundwood consumption, was 42.4 million m³.

AGRICULTURE (1975): Cultivated land 2.5 million hectares. Number of holdings 248 700, of which 167 800 are of more than 5 ha. Measure of self-sufficiency in bread cereals 133 % in the crop year 1975/76.

INDUSTRY (1975): Gross value of industrial production 89 210 mill. marks, number of workers 410 181, salaried employees 132 074, motive power (1975) 6.7 mill. kW. Index of industrial production 127 for 1975 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1978): Length 6 063 km.

MERCHANT FLEET (Dec. 31, 1977): Passenger vessels 120 (197 921 gross reg. tons), tankers 52 (1 169 465 gross reg. tons), dry cargo vessels 208 (897 952 gross reg. tons), other vessels 66 (9 267 gross reg. tons), total 446 (2 274 605 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1976): Passenger cars 1 032 900, lorries and vans 132 700, buses 8 800, others 7 100, total 1 181 500.

FINNISH AIRLINES (April 1, 1977): Finnair and Kar-Air have in use 4 DC-8, 1 DC-6-ST, 8 Super Caravelles, 9 DC-9s, 5 DC-9-51s, 2 DC-10-30 and 5 Convair Metropolitanis. Companies have scheduled traffic outside of Finland to 32 airports and to 20 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 0.21159 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 permissible range of fluctuation is 2.25 per cent on either side of the arithmetic mean. The fluctuation limits are 121.7 and 116.4.

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, 1977). There are two big and five small commercial banks with in all 858 offices, 280 savings banks 376 co-operative banks, six mortgage banks, Postipankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-eight private insurance companies also grant credits.

RATES OF INTEREST (Oct. 17, 1977). 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 8 ¼ %. The range of rates for other credits granted by the Bank of Finland is between 6 ½ % and 9 ½ %. Other credit institutions time deposits 4 ¼ %; 6 month deposits 5 ¼ %; 12 month deposits 6 ½ %; 24 month deposits 7 ½ %; 36 month deposits 8 ¼ % + savings premium; 36 month deposits 8 ¼ % + tax concession. The highest lending rate 11 ½ %.

THE STRUCTURE AND DEVELOPMENT OF SERVICE SECTOR INVESTMENT IN FINLAND IN 1953—1977¹

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THE ROLE AND NATURE OF THE SERVICE SECTOR IN THE FINNISH ECONOMY

The activities of the service sector rest on a foundation laid by the primary and secondary sectors. The various stages of the development of aggregate demand are reflected in changes in the economy's industrial structure. The decline in the primary sector's share in GDP started to accelerate later in Finland than in most other industrial countries. However, this decline has been exceptionally rapid since World War II. As a result, the secondary sector's and, more especially, the tertiary sector's shares in GDP have increased. At the same time, the labour force has, to a considerable extent, shifted over directly from primary industries to services.

The tertiary sector's share in GDP increased from about 35 per cent to 45 per cent between the early 1950s and 1967. Thereafter, the share declined slightly and continued to decline until the mid-1970s. This sector's share in the employed labour force increased steadily from 25 per cent in the mid-1950s to more than 50 per cent in 1977 (Chart 1).

The service sector accounted for about 60 to 65 per cent of total investment throughout most of the period under review. The average annual growth in the service sector's investment was slightly over 4 per cent. At the same time, the secondary sector's investment grew by almost 6 per cent, and that of the primary sector by less than 3 per cent per annum.

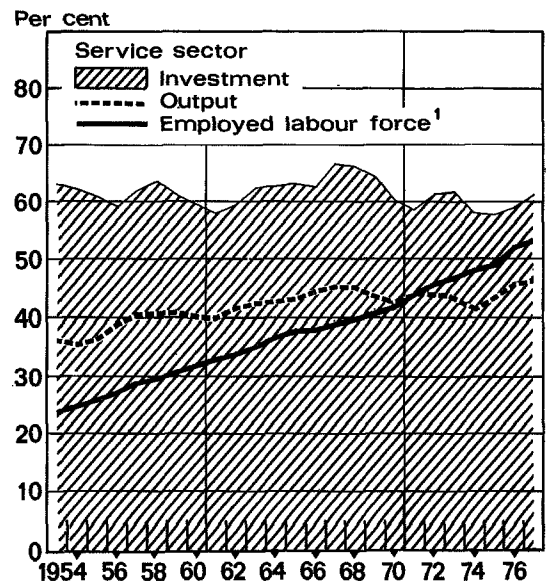
TABLE 1. SHARES OF THE PRIMARY, SECONDARY AND TERTIARY SECTORS IN TOTAL OUTPUT, THE VOLUME OF FIXED INVESTMENT (AT CURRENT PRICES) AND THE EMPLOYED LABOUR FORCE IN 1955, 1965 AND 1975

	1955 Per cent	1965 Per cent	1975 Per cent
Primary sector			
Output	24	19	13
Investment	13	10	8
Employed labour force	43 ²	30	15
Secondary sector			
Output	39	38	44
Investment	26	27	35
Employed labour force	31 ²	33	36
Tertiary sector			
Output	37	43	43
Investment	61	63	57
Employed labour force	26 ²	37	49

¹ The article is based on a wider study of service sector investment made by the authors. This study will be published in Finnish in the near future.

² Trend based estimates. Official figures are available only from 1959 onwards.

CHART 1. THE SERVICE SECTOR'S SHARES IN TOTAL INVESTMENT, OUTPUT (AT CURRENT PRICES) AND THE EMPLOYED LABOUR FORCE IN 1953—1977, PER CENT



¹ Years 1953—1958 are trend based estimates.

The fact that the service sector's share in total investment is much larger than its share in total output is mainly attributable to this sector's large investments in infrastructure (Chart 1). These investments require substantial funds, while their impact on output is only indirect.

Cyclical fluctuations in the service sector's investment have been less pronounced than those in the primary and secondary sectors (Chart 2). In addition, the fluctuations were more irregular than those in the secondary sector, especially during the current decade. Among other things, this was due to certain exceptional factors; for example the so-called investment tax which was designed to curb construction, particularly in the tertiary industries. This tax was imposed in Southern Finland between June 1973 and the end of 1974.

The investment behaviour of the service sector may differ from that of the other sectors in certain respects. Since services cannot be stored, tertiary industries can prepare for peaks in demand only by ensuring that they have sufficient capacity, which may reduce the

average rate of capacity utilization. Moreover, the role of capital inputs is different. The flow of services from the infrastructure can vary substantially, and output in commerce, banking, personal and other related services can be changed considerably by altering labour inputs and leaving the capital stock unchanged. Thus capacity ceilings are often quite elastic in tertiary industries, which means that investment in this sector is not as sensitive to changes in demand as in other sectors.

THE DISTRIBUTION OF SERVICE SECTOR INVESTMENT

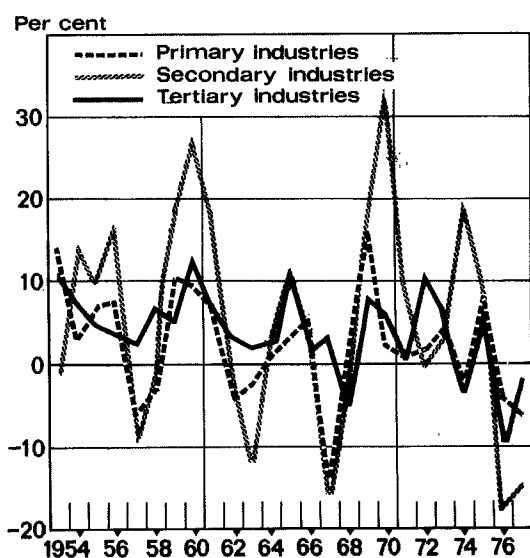
The service sector consists of five industries or industrial groups. Their shares in this sector's investment in 1955, 1965 and 1975 are shown in Table 2.

TABLE 2. BREAKDOWN OF THE SERVICE SECTOR'S FIXED INVESTMENT IN 1955, 1965 AND 1975 BY INDUSTRY, AT CURRENT PRICES

	1955 Per cent	1965 Per cent	1975 Per cent
Transport and communication	28	35	27
Commerce, banking and insurance	11	11	13
Public administration and defence	5	7	6
Ownership of dwellings	38	31	39
Other services	18	16	15
Total	100	100	100

»Ownership of dwellings» and »Transport and communication» were the largest of the service industries. Throughout the period under review, other categories together accounted for only about a third of service sector investment. The breakdown remained quite stable apart from the mainly offsetting changes in the shares of the two above-mentioned categories. The share of investment in »ownership of dwellings» declined throughout the 1950s, but started to grow again at the beginning of the 1960s; this growth continued until the middle of the current decade. The share of investment in »Transport and communication» increased until 1958, after which it started to decline. Nevertheless, during the 1960s investment in »Transport and communication» remained the larger of the two.

CHART 2. PERCENTAGE CHANGES IN THE VOLUMES OF FIXED INVESTMENT OF THE PRIMARY, SECONDARY AND TERTIARY SECTORS IN 1953—1977



Of the various service sector industries, the fastest growth in investment during 1953—1977 was recorded for »Commerce, banking and insurance»; its average annual growth rate was 8 per cent. Investment in »Public administration and defence» increased by an average of 6 per cent per annum. Investment in »Ownership of dwellings» grew by 4 ½ per cent per year and investment in »Transport and communication» by slightly less. The slowest growth rate, 3 ½ per cent per annum, was recorded for the category »Other services».

Of total service sector investment, housing investments accounted for about 40 per cent at the beginning of the current decade. The remainder was evenly distributed between: investments in construction of other buildings; land and waterway construction; and machinery and equipment. Each type of capital good accounted for about one fifth of total service sector investment. Investments in infrastructure represented about 70 per cent of all service sector investment; this figure includes investments in housing, land and waterway construction and public administration.

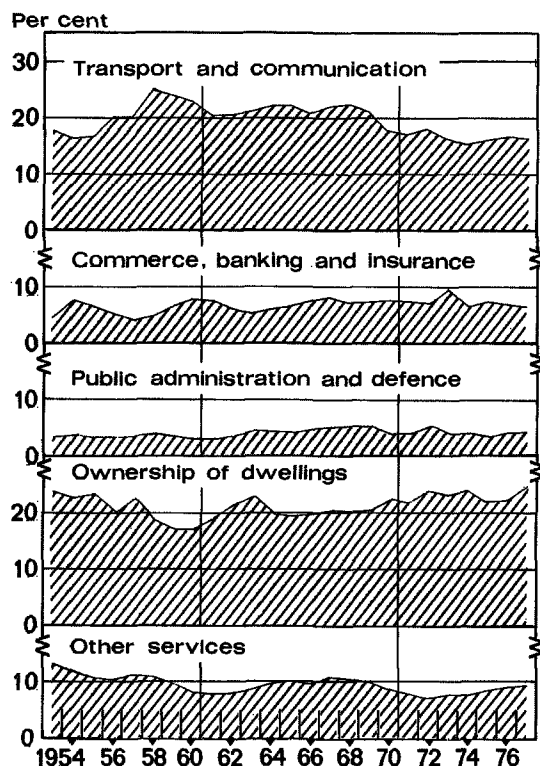
TRANSPORT AND COMMUNICATION

The share of transport and communication in the economy's total investment increased vigorously in the 1950s to a peak of 25 per cent in 1958. This was partly due to using investment in roads to alleviate unemployment. The share of transport and communication was around 20 per cent in the 1960s and around 17 per cent in the 1970s (Chart 3).

Transport and communication can be divided into five subsections. It has been estimated that their shares of total investment in transport and communication in 1970 were:

	Per cent
Water transport	14
Railway transport	12
Road transport	58
Communication	10
Other transport	6
	100

CHART 3. THE SHARES OF VARIOUS SERVICE SECTOR INDUSTRIES IN TOTAL INVESTMENT IN 1953—1977, PER CENT



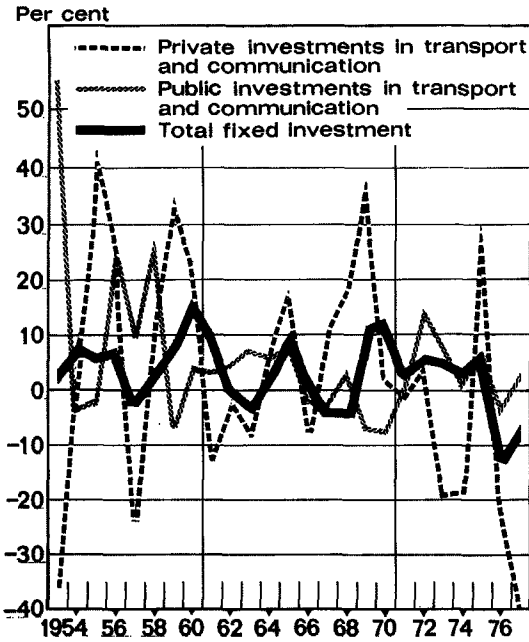
Investments in transport and communication in 1970 were quite evenly distributed between land and waterway construction, and machinery and equipment. There was little investment in buildings. On the other hand, there were large differences in the breakdown of types of capital goods by different types of transport.

In road transport, investment in land and waterway construction accounted for about two thirds. In railway transport, investment in land and waterway construction accounted for about a half and those in machinery and equipment for the other half. Investment in machinery and equipment accounted for about two thirds of total investment in both water transport and communication and for four fifths in »Other transport» (including air transport).

During the period under review, the public sector¹ implemented more than two thirds of

¹ Public corporations, such as the State Railways, the Administration of Post and Telegraphy, etc., are here included in the public sector.

CHART 4. PERCENTAGE CHANGES IN THE VOLUMES OF PRIVATE AND PUBLIC INVESTMENTS IN TRANSPORT AND COMMUNICATION AND OF TOTAL FIXED INVESTMENT IN 1953—1977



the investment in transport and communication. The central government and public corporations were responsible for the majority of this investment, with municipalities playing a minor role.

As distinct from public sector investment, private investment in transport and communication was mainly focused on machinery and equipment. At the beginning of the 1970s, about half was for motor vehicles¹ and nearly a third for ships.

As shown in Chart 4, fluctuations in private and public investment differed quite substantially. The private component of investment in transport and communication mostly followed the overall cyclical pattern of investment and, presumably because of the large share of vehicles, it sometimes slightly anticipated the corresponding developments in the economy as a whole.

¹ This figure only includes the motor vehicles used in professionally provided transport.

In the 1950s, public investments in infrastructure were used for employment purposes, which somewhat evened out cyclical fluctuations. The importance of public road investment as an instrument of employment policy decreased in the 1960s. However, the fluctuations of private and public investments in transport and communication partially offset each other, so that total investment in »Transport and communication» have developed more evenly than the other service sector industries (Chart 5).

COMMERCE, BANKING AND INSURANCE

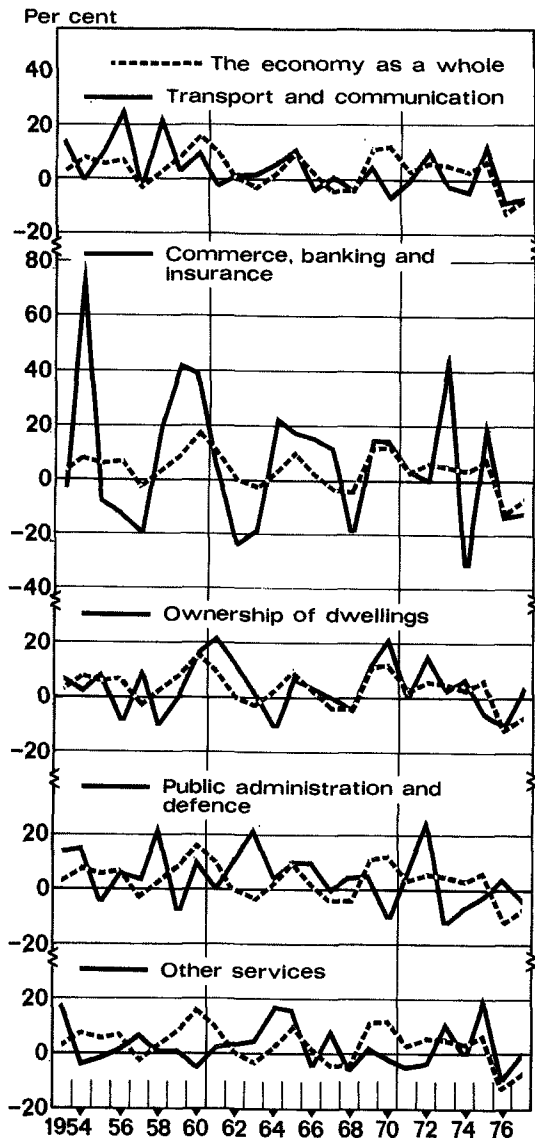
»Commerce, banking and insurance» comprises almost totally private activities. This category's share in the economy's total investment increased slightly during the period under review, averaging 7 ½ per cent during the current decade. In the early 1970s, commerce accounted for almost two thirds of this category's investment.

The share of machinery and equipment in investment by commerce was slightly larger than that of buildings. Wholesale trade accounted for about 60 per cent of the trade sector's investments. Machinery and equipment accounted for half of investment by wholesale trade and for almost 60 per cent of investment by retail trade.

In the early 1970s, about two thirds of the investment by the banks and insurance companies was attributable to the banks. Banks and insurance companies invested mainly in buildings. Machinery and equipment accounted for only about 15 per cent of their total investment.

As shown in Chart 5, the investment of »Commerce, banking and insurance» fluctuated the most of all tertiary industries. These fluctuations tended to occur in line with the fluctuations in the economy's total investment, but in some years they were ahead of the cycle in the economy as a whole.

CHART 5. PERCENTAGE CHANGES IN THE VOLUMES OF FIXED INVESTMENTS OF THE SERVICE SECTOR INDUSTRIES AND THE ECONOMY AS A WHOLE IN 1953—1977



The investment tax in 1973 and 1974 affected the investment activities of this category particularly strongly. A very large number of investment projects were started during the first half of 1973, before the tax was implemented; as a result, investment by this category increased by almost 50 per cent in 1973 (Chart 5). Although investment declined substantially in 1974, it did not fall below the 1972 level. In 1975, after the investment tax had been discontinued, investment grew considerably.

The rapid growth of investment by this industry was mainly attributable to the increase in investment by commerce. This increase was based on growth in the sector's sales, which was caused by a rise in the general income level but also by the fact that, as society urbanizes, a growing share of the commodities consumed in the economy pass through the trade sector. In addition, as trade is a market-orientated industry, it has followed regional migration flows, which has on one hand created new shops and on the other hand caused shop closures. With increasing pressures on the profitability of trade, investments in rationalization have increased, particularly since the late 1960s. Similar forces have boosted the concentration of trade and the establishment of chain-stores. This has strengthened the oligopolistic competition between companies, which has caused further investment in order to maintain market shares. As a consequence, the number of shops has decreased, while the average shop size and regional concentration have increased.

OTHER TERTIARY INDUSTRIES

The share of »Public administration and defence» in the economy's total investment increased quite steadily, rising from 3 per cent at the beginning of the period under review to over 5 per cent at the end of the 1960s. This was mainly caused by an increase in investment in public administration. The share of »Public administration and defence» has decreased slightly during the 1970s.

The share of »Ownership of dwellings» in total investment fell from about 24 per cent in the early 1950s to 17 per cent in 1960 and then started to grow. The greater growth during the first half of the 1970s, was due both to a growth in regional migration caused by the upswing in the economy and to the fact that the large number of people born just after the war had reached the age of setting up home.

On the whole, fluctuations in investment in dwellings followed quite closely the overall

investment cycle during the period under review (Chart 5). An increase in state-financed residential construction has provided more scope for using housing investments as a tool to control cyclical fluctuations in construction. About 65 per cent of total housing investment in 1977 was partly or totally state-financed.

»Other services» consists of a number of different activities: education; public health; recreation and entertainment; catering and accommodation; personal services, etc. Private investment accounted for nearly one fifth of investment by »Other services». The statutory local government investments related to general social security played a dominant role in public investment.

In »Other Services» there were strong procyclical fluctuations in private investment, whereas public investment constituted a counter-cyclical component until the end of the 1960s. Total investment in this category exhibited a counter-cyclical nature as four fifths of it was public investment.

SUMMARY AND CONCLUSIONS

The service sector is the major investor in the Finnish economy: in several years it accounted for almost two thirds of the economy's total investment. Service sector investment is characterized by the great importance of investments in infrastructure, which at the beginning of the

1970s, accounted for more than two thirds of total service sector investment. On the whole, investment has fluctuated less in the tertiary sector than in the primary or secondary sectors, so the share of service sector investment in total investment was normally at its greatest when general investment activity was at its weakest.

The relative flexibility of the capacity ceiling, which is typical of most of the tertiary industries, provides some scope for adjusting the timing of investments in this sector. Furthermore, owing to the large size and heterogeneity of the service sector, the fluctuations in investment of the various services offset each other, at least to some extent. In certain years, public investments in the service sector have tended to dampen the impact of variations in the investment activity of the cyclically-sensitive services — such as »Commerce, banking and insurance», and the private component of »Transport and communication».

In the years to come, a deceleration in the growth of public and housing investments are likely to hold back the growth of the service sector. At the same time, a slowing-down in the growth rate of private consumption will curb the base of the growth of trade and personal services, thus reducing the scope for expanding private service sector investment. Accordingly, in the near future service sector investment will grow more slowly than during the period 1953—1977.

ITEMS

Presidential election. The presidential election was held on February 15, 1978. Dr. Urho Kekkonen received an absolute majority, 259 votes, in the first ballot and was thus elected President of the Republic for the term March 1, 1978, to March 1, 1984. (For election to the electoral college see item in Bulletin No. 2, 1978).

Devaluation of the Finnish markka. The Finnish Government has decided to depreciate the external value of the Finnish markka against the Bank of Finland's trade-weighted basket of currencies by 8 per cent from the value, defined in terms of fluctuation limits, established by the Council of State on November 1, 1977. The new fluctuation limits of the currency index (1974 = 100) are 121.7 and 116.4. The decision became effective on February 17, 1978.

Credit facility agreement. The Bank of Finland and an international banking group led by Orion Bank Ltd, London, signed a medium-term credit facility agreement amounting to US \$ 200 million on February 6, 1968. The facility will be available for six years.

The foreign credit facility arrangements now available to the Bank of Finland amount to US \$ 600 million, equivalent to approximately 2 400 million Finnish marks. These credit facilities can be used, if required, for supporting the foreign exchange reserve position of the Bank of Finland and thus for strengthening the country's external liquidity.

The Bank of Finland investment inquiry of November 1977. Industrial fixed investment continued to decline sharply during 1977. According to the investment inquiry conducted by the Bank of Finland in November 1977, the volume of investment declined by 24 per cent.

Building investment declined much more sharply than purchases of machinery and equipment. The firms' capacity utilization rate remained lower than expected, which — coupled with weak profitability and a poor financial position — resulted in only part of the investments scheduled for last year being implemented.

The volume of the metal industry's investment in 1977 was almost a half smaller than in the previous year. The forest industries' purchases of machinery and equipment increased noticeably, whereas building investment decreased substantially. In value terms, the forest industries invested the same amount as in 1976. Although the volume of building investment of other manufacturing industries increased, the volume of their total investment decreased from the previous year. There was a substantial fall also in the energy sector's investment.

Investment behaviour varied according to the size of the enterprises. While the investments of small manufacturing firms remained, in money terms, at the previous year's level, the investments of large enterprises declined sharply. In the metal industry the fastest growth in investment was recorded for small enterprises, in the forest industries for medium-sized enterprises, and in other manufacturing industries for large enterprises.

Industry's investment activity seems to be remaining sluggish even in 1978. According to the inquiry, the volume of industrial investment will decline by one quarter from the previous year, being smaller than in any other year in the 1960s or the 1970s. This will be primarily caused by weak profitability and the fact that the rate of capacity utilization is likely to remain low.

The inquiry suggests that the decline in investment this year will be particularly sharp in the forest industries and the energy sector.

The volume of the forest industries' investment is expected to fall to about half of last year's amount. The metal industry's investment will also continue to decline noticeably. On the other hand, the volume of investment of other manufacturing industries is expected to maintain the previous year's level, owing to a substantial increase in the chemical industries' investment projects. Industry's purchases of machinery and equipment are expected to decline by the same amount as its building investment.

As economic activity in 1977 was still more sluggish than had been expected, the average rate of capacity utilization in industry was 77.5 per cent, lower than had been estimated last spring. Particularly in other manufacturing industries, the capacity utilization rate was lower than suggested by the previous inquiry. Although the rate of capacity utilization was still low in the forest industries, it rose during the second half of the year owing to an increase in exports of wood products. Mainly due to the weak development of its order-books, the metal industry's capacity utilization rate fell by about 4 percentage points during 1977.

One third of the enterprises returning their questionnaires forecast that their capacity utilization rate will rise in 1978, during both the first and the second halves of the year, as

compared with the corresponding figures for last year. However, almost one third of the enterprises forecast that their rate will fall. Of the enterprises expecting the capacity utilization rate to rise, a greater part forecast that the rise will take place during the second half of the year. A large number of forest industry enterprises expected their capacity utilization rate to rise during the first half of 1978. However, most of the metal industry enterprises expected their capacity utilization rate either to fall or to be unchanged during the current year.

TABLE 1. ANNUAL CHANGES IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1976, AND PLANNED CHANGES FOR 1977 AND 1978, BY INDUSTRIAL SECTOR, PER CENT

	1976	1977	1978
Forest industries	-26	-12	-49
Metal industry	-28	-46	-9
Other manufacturing	-25	-16	-1
Total manufacturing	-26	-24	-24
Electricity, gas and water	3	-26	-23

TABLE 2. ANNUAL CHANGES IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1976, AND PLANNED CHANGES FOR 1977 AND 1978, BY TYPE OF INVESTMENT, PER CENT

	1976	1977	1978
Building investment	-30	-34	-26
Investment in machinery and equipment	-15	-19	-23
Total industry	-20	-24	-24

BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor

Ahti Karjalainen

Päiviö Hetemäki

Pentti Uusivirta

Rolf Kullberg

Ele Alenius

Directors

Jouko J. Voutilainen

Markku Puntila

Seppo Lindblom

Eino Helenius

Pentti Koivikko

Kari Nars

Senior officials

Pertti Kukkonen

Director, ADP-planning

Reino Airikkala

Monetary Policy

Pekka Tukiainen

*Domestic Financial
Operations*

Kari Pekonen

Foreign Exchange Policy

Raine Panula

Foreign Exchange

Raili Nuortila

Eastern Trade

Antti Lehtinen

Capital Transfers

J. Ojala

Foreign Exchange Control

Kari Puumanen

Economics Dept.

Heikki Koskenkylä

Research Dept.

Markku Pietinen

Information and Publications

H. T. Hämäläinen

Administration and Legal Affairs

Antti Saarlo

Foreign Correspondence

Timo Männistö

Internal Audit

K. Eirola

Automatic Data Processing

Pauli Kanerva

*Personnel Administration and
General Affairs*

Stig G Björklund

Banking Services

Antti Luukka

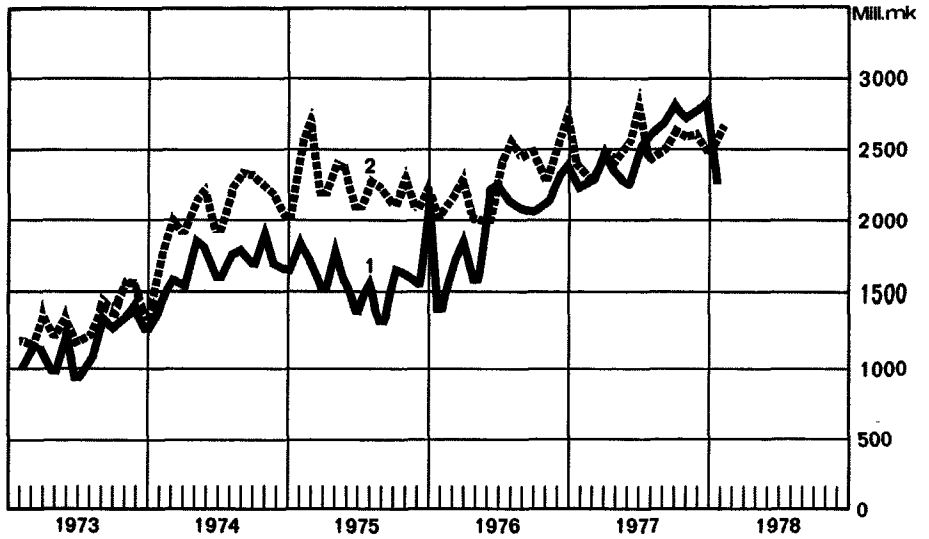
Cash

U. Levo

International legal affairs

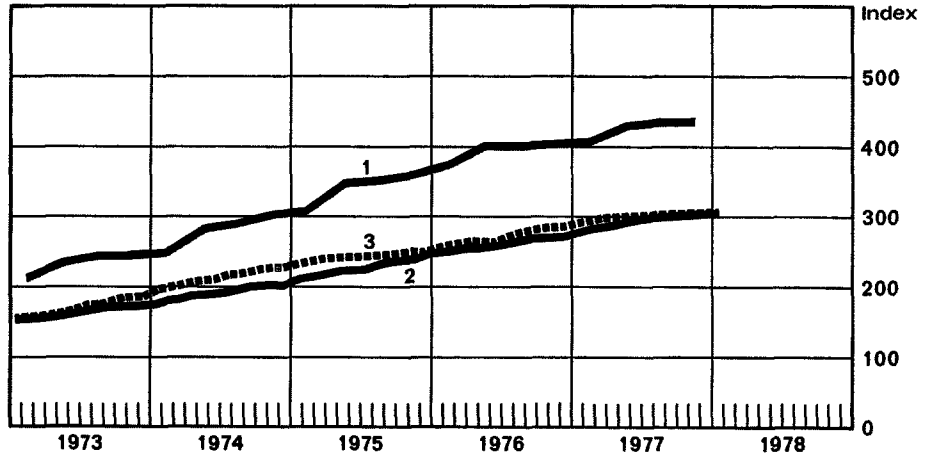
FOREIGN TRADE, 1973 - 1977

- 1. Exports f.o.b.
 - 2. Imports c.i.f.
- Seasonally adjusted monthly figures



PRICES AND WAGES, 1973 - 1977

- 1. Index of salary and wage earnings 1964 = 100, quarterly figures
- 2. Cost of living index 1964 = 100, monthly figures
- 3. Wholesale price index 1964 = 100, monthly figures



PRODUCTION, 1972 - 1977

- 1. Total index of industrial production 1964 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1964 = 100, seasonally adjusted quarterly figures

