

BANK OF FINLAND

Monthly Bulletin

J. V. Snellman 1806—1881

**The structure and development
of the Finnish economy in 1960—1979**

New silver commemorative coin

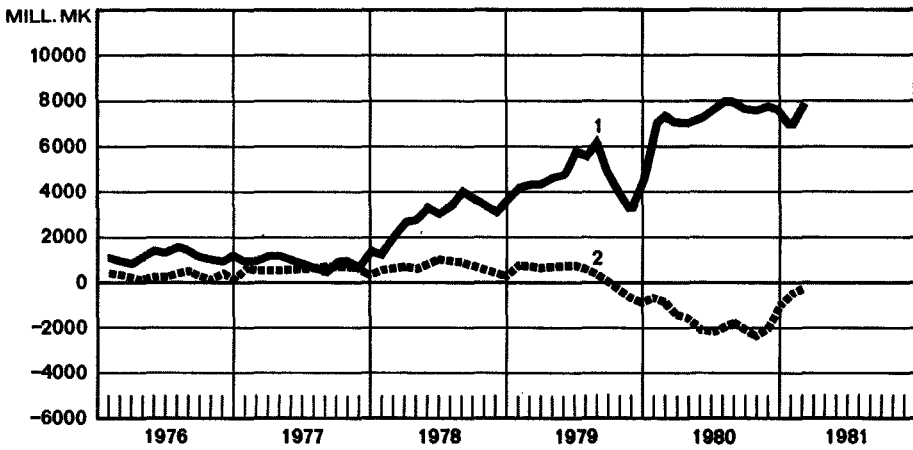
**Finland's gross long-term foreign debt
in 1980**

**Foreign direct investment in Finland and
Finnish direct investment abroad in 1980**

APRIL 1981

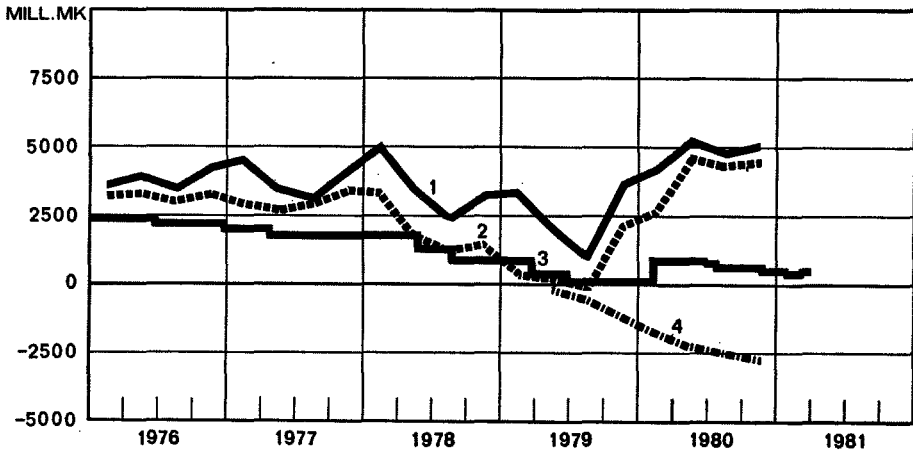
Vol. 55 No. 4

BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1976-81



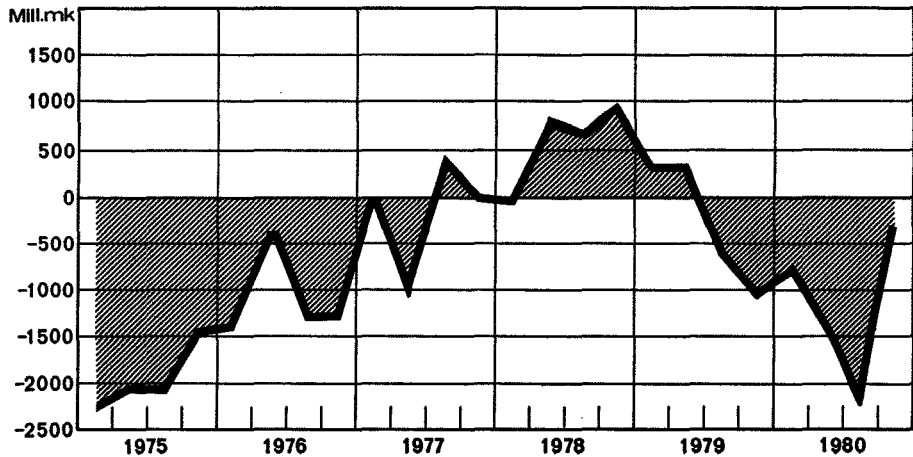
- 1. Gold and convertible currencies
- 2. Tied currencies

COMMERCIAL BANKS' CENTRAL BANK POSITION, 1976-81



- 1. Total central bank debt
 - 2. Actual central bank debt
 - 3. The quotas
 - 4. Cash reserve deposits
- Quarterly average of daily amounts (1, 2 and 4)

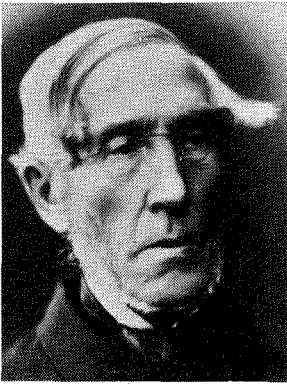
BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1975-80



Seasonally adjusted quarterly figures

J. V. SNELLMAN 1806—1881

by Kari Selén, Ph.D.



BY COURTESY OF THE NATIONAL
BOARD OF ANTIQUITIES AND
HISTORICAL MONUMENTS

This year marks the 175th anniversary of the birth, on May 12, 1806, of J. V. Snellman, sometimes called Finland's national philosopher, as well as the 100th anniversary of his death, on July 7, 1881. The son of an Ostrobothnian sea captain, Snellman was born a few years before Finland was ceded by Sweden to become an autonomous Grand Duchy of the Russian Empire.

Snellman entered university in 1822 and took his degree in 1831. A supporter and disseminator of Hegelian ideas, the young graduate within a few years became a reader in philosophy at the University of Helsinki. As a lecturer, Snellman won popularity amongst his students, but owing to his unyielding character and strong principles, he soon came into conflict with the administrative bodies of the university. As a result, he was temporarily dismissed from his post as a lecturer and also lost his scholarship.

On returning to Finland in 1842 after a three year journey to Sweden and Germany, Snellman found that his academic career was still blocked. He moved inland to Kuopio, where he earned his living as a headmaster and a journalist. With the vehement voice of opposition, he criticized the prevailing state of affairs and presented his nationalist programme. In Snellman's view, Finland's future was all but bright. The Swedish-speaking educated class was not interested in the position of the ma-

jority of the people, for whom there was little hope of improvement as long as Swedish was the language of administration and education. For, it was on education in the Finnish language that the fate of the Finnish people ultimately depended; their only chance of survival lay in national education. A versatile man, Snellman spoke out against the guild system and in favour of free enterprise. He called for, among other things, the improvement of transport and the promotion of trade and industry. Snellman ran into difficulties with the censor, his too outspoken newspaper being suppressed at the end of 1846. After that, he made contributions to other newspapers.

The Crimean War of 1854—1855 brought about some change. The autocratic Tsar Nicholas I died and the more liberal Tsar Alexander II ascended the throne. Snellman was appointed professor of philosophy at the University of Helsinki. Now he could begin to put into practice his ideas. Snellman wrote against those Finns who had moved to Sweden and who publicly painted a sombre picture of conditions in Finland. He opposed the lines of thought fostered in Sweden that Sweden ought to regain control over Finland. In discussing the matter, Snellman as a Finn showed his loyalty to Russia. He openly listed the alternatives and pointed out the consequences of each of them. Rebellious against the Empire would be a fruitless endeavour, nothing good would follow from that. In Snellman's opinion, the Finnish

people had better chances of developing their culture and improving conditions in Finland in an association with Russia rather than in one with Sweden. The Finns would have to break off the spiritual umbilical cord tying them to Sweden, and manage on their own.

Snellman gradually consolidated his position. The national assembly, the Senate, used him as an adviser. In 1863, he finally agreed to become a member of the Senate with financial matters as his area of responsibility. Even before he became a Senator, Snellman succeeded in convincing the Governor-General of the necessity of altering the strict censorship rules. In 1860, these were amended so that Finnish could also be used in writing on subjects other than economics and religion. The decision did not, however, put the Finnish language on the same footing as Swedish, since the majority of the people were still unable to conduct their affairs with the authorities in Finnish. Nor were they able to obtain official documents in their mother tongue. During Alexander II's visit to Finland in the summer of 1863, Snellman bypassed the Senate in petitioning the Tsar for a solution to the language question. On Snellman's proposal, the Emperor issued an edict which in principal made Finnish equal to Swedish in all administrative matters directly concerning the Finnish-speaking population.

Even before becoming a Senator, Snellman had advocated the convening of the Finnish Diet. It had last been assembled in 1808 when the Finnish War was still in progress. Then the convocation of the Diet had provided the Tsar with an opportunity to give assurances of his benevolence towards his new subjects, while at the same time giving the Finns a chance to swear their allegiance to the new regime. The efforts of Snellman and his sympathizers produced results, as Alexander II decided to convoke the Diet in September 1863. Snellman himself was given the task of writing the Emperor's speech. The Helsinki Diet became the first in a series of Diets, which gave the Grand Duchy's inhabitants a greater opportunity of participating in the country's administration and in the improvement of its conditions. This was

achieved only because the Tsar had, partly thanks to Snellman's performance, become convinced of the loyalty and dependability of the Finns.

The two great nationalistic reforms which Snellman brought about, the improvement in the status of the Finnish language and the revival of the Finnish Diet, were crucial for Finland's future independence. These reforms highlighted those special features which clearly distinguished the Finns from the Russians and from their former rulers, the Swedes.

* * *

Perhaps Snellman's most remarkable achievement was made in the field of finance. On account of the Crimean War, Russian banknotes were no longer redeemed in silver. The unstable monetary system of Russia also created problems for Finland's economic and commercial life. The Finnish Senate therefore proposed that Russian banknotes should be accepted only according to their real, and not their face, value. The Tsar did not agree to this, but, as if in recompense, Finland was in 1860 granted its own monetary unit, the markka, which was equivalent to a quarter of a ruble. Nevertheless, the reform did not solve the problems caused by the weak and unstable paper ruble.

On assuming responsibility for Finland's financial affairs, Snellman continued the struggle of his predecessors, and after tough negotiations, reached one of his goals in 1865. The idea that brought Snellman success was as simple as it was ingenious. He proposed that the legal tender of Finland should be the Russian silver ruble as well as the markka, the sub-unit developed for Finnish conditions. In this way, Finland rid itself of Russian banknotes and, before long, of depreciated Russian coinage, which had also lost its validity. Four marks equalled one silver ruble. The situation was somewhat unique: one domain of Russia had its own bank and its own monetary unit, which was tied to a precious metal and more stable than the currency of the Empire.

March 19, 1981

	1980		1981			
	March 31	Dec. 31	March 6	March 13	March 23	March 31
Assets						
Gold and foreign exchange receivables	7 346	8 024	8 264	8 304	8 246	7 925
Gold	1 073	1 073	1 073	1 073	1 073	1 073
Special drawing rights	576	397	521	521	521	521
IMF reserve tranche	225	380	380	380	380	380
Foreign bonds	1 972	2 125	1 813	1 822	1 827	1 764
Convertible currencies	3 353	3 841	4 435	4 460	4 396	4 135
Tied currencies	147	208	42	48	49	52
Other foreign receivables	1 054	1 540	1 540	1 540	1 540	1 540
Mark subscription to Finland's IMF quota	1 054	1 540	1 540	1 540	1 540	1 540
Receivables from financial institutions	5 459	5 350	5 494	6 586	6 223	6 887
Banks' cheque accounts	838	481	593	653	591	621
Call money market advances	4 155	3 674	3 744	4 794	4 350	4 978
Till-money credits	—	643	578	551	682	688
Bonds	403	527	549	554	554	553
Other financial institution receivables	63	25	30	34	46	47
Receivables from the public sector	1 280	1 225	1 122	1 123	1 111	1 112
Government promissory notes	700	512	354	354	354	354
Bonds	180	288	308	306	296	296
Total coinage	379	403	444	445	446	447
Other public sector receivables	21	22	16	18	15	15
Receivables from corporations	2 617	3 399	3 434	3 473	3 446	3 559
Financing of exports	1 186	1 502	1 431	1 465	1 439	1 526
Financing of domestic deliveries	1 119	1 561	1 689	1 692	1 694	1 723
Bonds	193	220	215	215	213	211
Other corporate receivables	119	116	99	101	100	99
Other assets	74	80	82	82	81	81
Total	17 830	19 618	19 936	21 108	20 647	21 104
Liabilities						
Foreign exchange liabilities	1 486	983	358	445	439	443
Convertible accounts	23	18	19	21	19	28
Tied accounts	1 463	965	339	424	420	415
Other foreign liabilities	1 951	2 430	2 560	2 560	2 560	2 560
IMF mark accounts	1 385	1 864	1 864	1 864	1 864	1 864
Allocations of special drawing rights	566	566	696	696	696	696
Notes and coins in circulation	4 163	4 954	4 664	4 619	4 674	4 960
Notes	3 816	4 572	4 292	4 234	4 279	4 561
Coins	347	382	372	385	395	399
Deposit certificates in circulation	3 340	1 900	1 900	2 600	2 600	1 800
Claims of financial institutions	3 020	3 739	4 334	4 819	4 285	5 183
Banks' cheque accounts	2	1	80	1	7	1
Call money market deposits	592	290	650	1 230	720	1 610
Cash reserve deposits	2 267	3 317	3 469	3 469	3 446	3 472
Capital import deposits	148	108	92	92	83	83
Other financial institution claims	11	23	43	27	29	17
Claims of the public sector	63	591	647	639	656	656
Cheque accounts	1	2	1	1	1	1
Counter-cyclical reserves	42	545	545	545	545	545
Counter-cyclical deposits	—	37	71	71	88	88
Capital import deposits	17	—	8	0	—	—
Other public sector claims	3	7	22	22	22	22
Claims of corporations	546	978	998	999	1 017	1 034
Deposits for investment and ship purchase	207	717	771	772	791	813
Capital import deposits	337	83	59	59	58	38
Export deposits	—	110	161	162	162	176
Other corporate claims	2	68	7	6	6	7
Other liabilities	13	13	16	14	14	15
Equalization accounts	1 388	1 767	2 161	2 105	2 085	2 126
Capital accounts	1 860	2 263	2 298	2 308	2 317	2 327
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400
Reserve fund	441	441	750	750	750	750
Undisposed profits	—	—	113	113	113	113
Net earnings	19	422	35	45	54	64
Total	17 830	19 618	19 936	21 108	20 647	21 104

End of year or month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold SDR, 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
1975	399	204	1 011	1 614	368	-315	1 667	339	1 301	962	250
1976	357	397	954	1 708	389	-660	1 437	447	1 133	686	—
1977	337	543	1 212	2 092	496	-2 031	557	391	328	- 63	200
1978	728	872	3 080	4 680	471	-1 099	4 052	633	114	-519	1 090
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
1980											
March	1 874	1 972	3 330	7 176	-1 316	-897	4 963	1 280	63	-1 217	3 340
April	1 874	1 976	3 325	7 175	-1 432	-897	4 846	1 267	53	-1 214	2 940
May	1 868	1 976	3 510	7 354	-1 946	-877	4 531	1 264	45	-1 219	2 490
June	1 868	2 017	3 912	7 797	-1 996	-877	4 924	1 257	43	-1 214	2 640
July	1 868	2 049	4 148	8 065	-1 787	-877	5 401	1 285	43	-1 242	1 940
Aug.	1 862	2 071	4 070	8 003	-1 656	-877	5 470	1 261	43	-1 218	2 100
Sept.	1 851	2 088	3 796	7 735	-1 847	-886	5 002	1 284	43	-1 241	2 250
Oct.	1 851	2 077	3 811	7 739	-2 146	-886	4 707	1 165	43	-1 122	1 850
Nov.	1 845	2 082	3 949	7 876	-1 847	-886	5 143	1 185	74	-1 111	2 600
Dec.	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900
1981											
Jan.	1 980	1 994	3 163	7 137	-389	-1 020	5 728	1 081	631	-450	1 000
Feb.	1 974	1 812	4 165	7 951	-165	-1 020	6 766	1 095	647	-448	1 500
March	1 974	1 764	4 107	7 845	-363	-1 020	6 462	1 112	656	-456	1 800

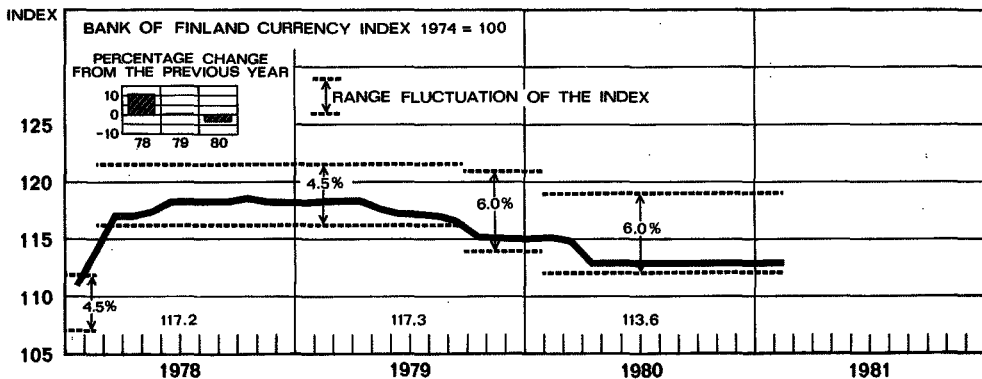
FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1980			Net holdings, Feb. 27, 1981			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Feb.	Jan.-Feb.
Gold ²		1 073	—	1 073	1 073	—	1 073	—
Special drawing rights		397	—	397	521	—	521	- 6
IMF reserve tranche		380	—	380	380	—	380	—
Foreign bonds		2 125	—	2 125	1 812	—	1 812	-182
Convertible currencies		3 823	-7 194	-3 371	4 165	-7 276	-3 111	+765
Total		7 798	-7 194	604	7 951	-7 276	675	+577
Tied currencies		-757	-67	-824	-165	-54	-219	+235
Grand total		7 041	-7 261	-220	7 786	-7 330	456	+812

BANK OF FINLAND

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, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net receiv-ables (1+2+3-4-5-6)	Permanent special financing schemes	Liabili-ties, net	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1975	3 385	130	372	95	—	-343	4 135	933	539	394	2 855
1976	2 920	172	1 204	1 137	—	-372	3 531	1 400	308	1 092	2 885
1977	3 091	107	1 804	850	—	-74	4 226	1 416	242	1 174	3 167
1978	970	136	2 213	2 075	—	69	1 175	1 948	356	1 592	3 822
1979	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1980	—	480	3 674	290	3 317	-1 064	1 611	3 063	642	2 421	4 954
1980											
March	—	836	4 155	592	2 267	-307	2 439	2 305	234	2 071	4 163
April	—	1 032	3 950	519	2 396	-224	2 291	2 388	247	2 141	4 281
May	—	978	3 981	245	2 562	-272	2 424	2 333	273	2 060	4 389
June	—	876	4 433	502	2 591	-285	2 501	2 409	471	1 938	4 572
July	—	915	3 047	475	2 649	-145	983	2 661	538	2 123	4 466
Aug.	—	750	3 968	780	2 989	-247	1 196	2 640	516	2 124	4 449
Sept.	—	722	4 307	525	2 982	-270	1 792	2 775	607	2 168	4 366
Oct.	—	762	4 410	595	3 006	-322	1 893	2 926	621	2 305	4 447
Nov.	—	705	3 861	30	3 022	-767	2 281	3 046	574	2 472	4 614
Dec.	—	480	3 674	290	3 317	-1 064	1 611	3 063	642	2 421	4 954
1981											
Jan.	—	557	3 679	470	3 461	-879	1 184	3 131	651	2 480	4 666
Feb.	—	593	3 651	975	3 469	-975	775	3 178	668	2 510	4 661
March	—	620	4 978	1 610	3 472	-1 188	1 704	3 249	724	2 525	4 960



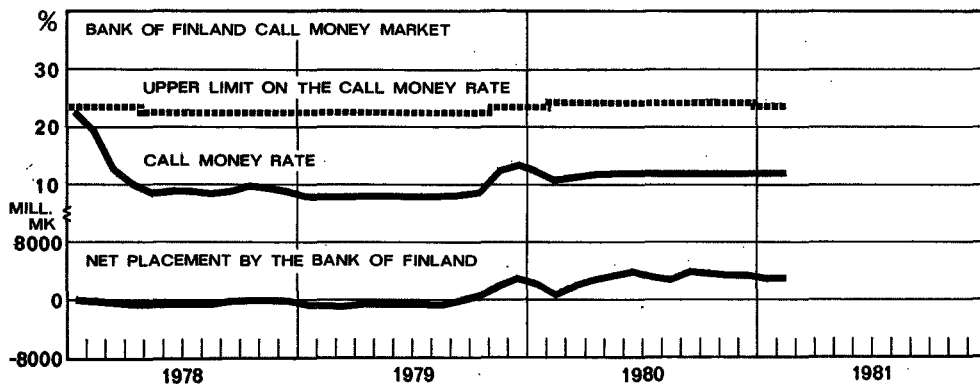
MONETARY POLICY INDICATORS

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 %
	1	2	3	4	5	6	7	8	9	10
1974	3 204	2 840	2 494	—	—	—	9.25	—	10.57	9.52
1975	4 000	3 611	2 725	—	—	239 ²	9.25	26.80 ²	12.10	9.65
1976	4 001	3 345	2 400	—	—	79	9.25	18.40	12.38	9.69
1977	3 914	3 094	1 967	—	—	149	9.00	17.20	11.82	9.54
1978	3 573	2 070	1 475	—	—	90	7.58	11.99	8.88	8.22
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
1980										
March	4 580	3 380	1 000	2 128	1 857	2 381	9.25	11.97	11.19	9.82
April	5 156	4 204	1 000	2 271	1 987	3 204	9.25	12.36	11.62	9.85
May	5 216	4 802	1 000	2 406	2 104	3 802	9.25	12.49	12.01	9.84
June	5 734	5 130	900	2 561	2 233	4 231	9.25	12.50	12.50	9.86
July	4 984	4 547	900	2 591	2 261	3 648	9.25	12.50	12.18	9.84
Aug.	4 456	3 880	700	2 682	2 333	3 181	9.25	12.50	13.06	9.83
Sept.	5 530	4 805	700	2 984	2 608	4 106	9.25	12.50	13.93	9.84
Oct.	5 500	4 709	700	2 980	2 599	4 010	9.25	12.50	13.31	9.83
Nov.	5 024	4 562	700	3 005	2 627	3 864	9.25	12.50	12.60	9.82
Dec.	4 816	4 457	600	3 032	2 653	3 860	9.25	12.50	13.43	9.83
1981										
Jan.	4 677	3 693	540	3 324	2 917	3 153	9.25	12.50	13.61	9.84
Feb.	4 976	3 905	600	3 443	3 033	3 307	9.25	12.50	12.82	..
March	5 039	4 026	600	3 458	3 022	3 429	9.25	11.72

See explanations on page 22.

¹ End of period.

² 1. 9.—31. 12. 1975.

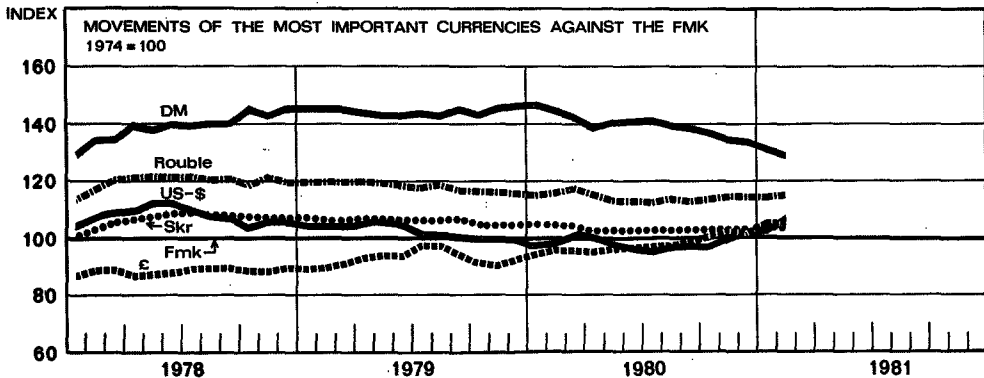


FOREIGN EXCHANGE RATES

Mill. mk

Average selling rates for foreign exchange, mk

Period	Average selling rates for foreign exchange, mk									Currency index 1974=100
	New York 1 US \$ USD	London 1 £ GBP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Zurich 100 Sfr CHF	Paris 100 FF FRF	Moscow 1 Cl Rbl SUR	
	1	2	3	4	5	6	7	8	9	10
1974	3.774	8.833	85.22	68.44	62.17	146.21	127.19	78.65	4.995	100.0
1975	3.679	8.155	88.80	70.59	64.21	149.80	142.64	86.00	5.093	101.1
1976	3.864	6.983	88.86	70.95	64.04	153.78	154.86	81.09	5.125	99.9
1977	4.029	7.042	90.21	75.83	67.23	174.15	168.70	82.16	5.475	106.1
1978	4.117	7.917	91.43	78.93	75.06	205.53	231.83	91.77	6.037	117.2
1979	3.896	8.275	91.12	77.22	74.38	212.75	234.36	91.88	5.941	117.3
1980	3.730	8.691	88.43	75.81	66.53	205.58	222.87	88.65	5.741	113.6
1980										
March	3.858	8.533	89.13	76.75	67.23	209.01	219.46	89.87	5.896	115.0
April	3.828	8.482	87.85	75.78	65.85	204.42	218.11	88.39	5.791	113.1
May	3.699	8.541	88.07	75.65	66.35	206.72	222.71	88.80	5.689	113.1
June	3.653	8.553	87.92	75.54	66.83	206.83	223.78	89.13	5.675	113.1
July	3.620	8.603	87.98	75.43	67.20	207.36	225.50	89.59	5.654	113.1
Aug.	3.665	8.697	88.03	75.58	66.52	204.85	222.00	88.63	5.713	113.1
Sept.	3.655	8.796	88.22	75.83	66.32	204.40	223.05	88.19	5.669	113.1
Oct.	3.695	8.942	88.40	75.75	65.53	200.98	222.77	87.18	5.706	113.1
Nov.	3.791	9.104	88.36	75.90	64.59	197.66	219.78	85.66	5.750	113.1
Dec.	3.872	9.095	88.12	75.24	64.32	196.47	217.00	85.10	5.744	113.1
1981										
Jan.	3.889	9.369	87.85	74.62	63.38	194.10	214.34	84.20	5.747	113.1
Feb.	4.073	9.358	88.59	75.50	61.88	189.90	209.14	82.18	5.779	113.1
March	4.072	9.098	88.65	75.78	61.78	193.33	211.94	82.26	5.810	113.1



DEPOSITS BY THE PUBLIC

Mill. mk

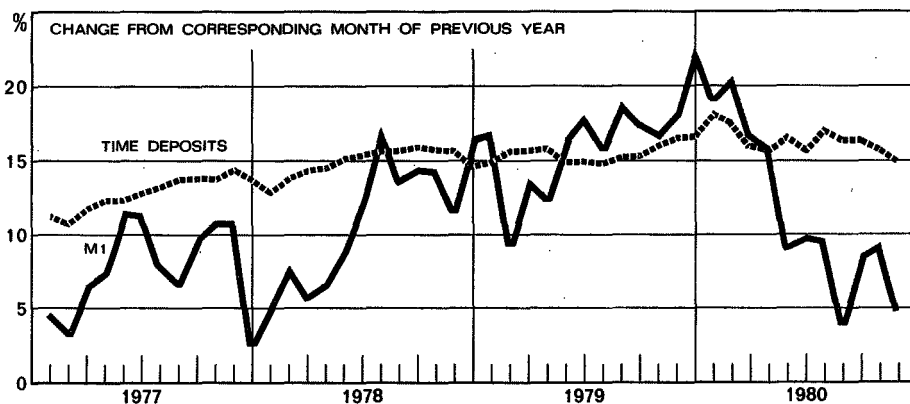
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commer- cial banks	Savings banks & Co-op. banks	Posti- pankki	All depos- it banks	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	All depos- it banks	
	1	2	3	4	5	6	7	8	9	10
1976	3 071	1 357	2 336	6 764	13 282	11 051	8 610	3 665	36 608	43 372
1977	2 948	1 506	2 212	6 666	14 999	12 671	9 846	4 177	41 693	48 359
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584

1979

Sept.	3 900	2 053	2 818	8 771	18 441	16 447	12 716	5 350	52 954	61 725
Oct.	4 232	2 111	2 493	8 836	18 877	16 556	12 852	5 403	53 688	62 524
Nov.	4 316	2 078	2 486	8 880	19 315	16 832	13 059	5 469	54 675	63 555
Dec.	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584

1980

Jan.	4 688	1 983	2 778	9 449	19 964	17 501	13 683	5 685	56 833	66 282
Feb.	4 009	1 903	2 697	8 609	20 150	17 787	13 983	5 772	57 692	66 301
March	4 187	1 930	2 767	8 884	20 061	17 789	13 874	5 910	57 634	66 518
April	4 173	1 975	2 977	9 125	20 335	18 039	14 137	5 722	58 233	67 358
May	4 190	2 094	2 865	9 149	20 500	18 277	14 289	5 935	59 001	68 150
June	4 826	2 133	3 275	10 234	20 656	18 588	14 479	5 847	59 570	69 804
July	4 741	2 332	3 001	10 074	21 209	18 993	14 861	5 976	61 039	71 113
Aug.	4 205	2 275	2 996	9 476	21 273	19 195	14 948	6 082	61 498	70 974
Sept.	4 625	2 328	2 946	9 899	21 295	19 255	15 051	6 073	61 674	71 573
Oct.	4 584	2 325	2 859	9 768	21 454	19 391	15 216	6 186	62 247	72 015
Nov.	4 410	2 155	2 669	9 234	21 658	19 618	15 416	6 256	62 948	72 182



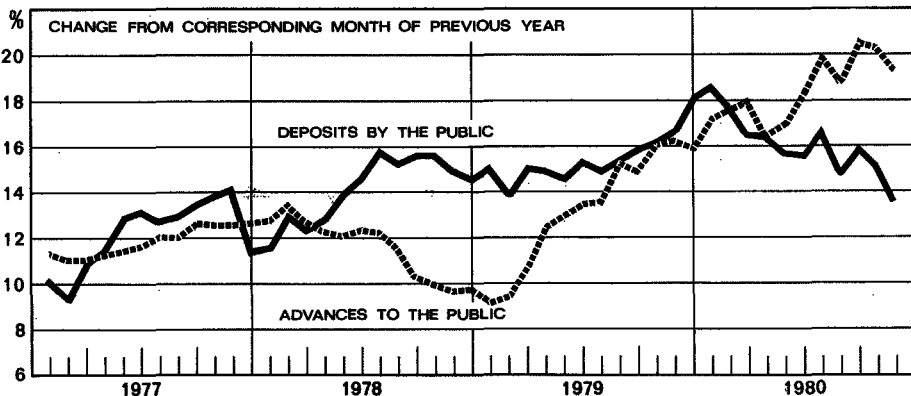
ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commer- cial 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
1976	22 077	10 615	9 247	6 120	42 617	1 569	3 873	48 059	9 601	47 014
1977	24 679	12 312	10 547	6 609	47 355	1 690	5 102	54 147	9 872	52 581
1978	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1979	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157

1979										
Sept.	28 923	15 732	13 595	7 848	57 931	1 914	6 253	66 098	13 008	67 117
Oct.	29 456	16 040	13 796	7 987	59 330	1 928	6 021	67 279	13 003	67 919
Nov.	29 764	16 306	14 056	8 039	60 234	2 031	5 900	68 165	13 131	69 012
Dec.	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157

1980										
Jan.	30 524	16 754	14 395	8 399	61 745	2 158	6 169	70 072	13 767	71 810
Feb.	31 247	16 960	14 525	8 618	62 648	2 378	6 324	71 350	13 389	72 421
March	31 902	17 114	14 640	8 720	63 256	2 584	6 536	72 376	13 354	72 405
April	32 196	17 310	14 820	8 764	64 070	2 479	6 541	73 090	13 396	73 240
May	32 764	17 535	15 039	8 898	64 817	2 545	6 874	74 236	13 594	74 137
June	34 065	17 733	15 243	9 317	65 980	2 765	7 613	76 358	14 588	75 749
July	34 707	17 932	15 497	9 528	66 753	2 607	8 304	77 664	14 438	77 325
Aug.	34 814	18 177	15 715	9 528	67 215	2 531	8 488	78 234	13 825	77 066
Sept.	35 314	18 483	16 061	9 954	68 545	2 700	8 567	79 812	14 141	77 670
Oct.	35 931	18 711	16 282	10 061	69 360	2 623	9 002	80 985	14 234	78 290
Nov.	35 789	18 920	16 491	10 166	69 911	2 543	8 912	81 366	13 757	78 488



STATE FINANCES

Mill. mk

Revenue	Jan.-Nov.	
	1979	1980
Income and wealth tax (net)	9 566	12 784
Gross receipts	(26 710)	(31 782)
Refunds & local authorities	(-17 144)	(-18 998)
Other taxes on income and wealth	247	277
Employers' child allowance payments	461	98
Sales tax	9 269	10 539
Customs duties and import charges and levies	1 006	1 264
Excise duties	7 340	8 022
Excise duty on alcoholic beverages	2 224	2 405
Excise duty on tobacco	909	1 026
Excise duty on liquid fuel	2 327	2 596
Other excise duties	1 880	1 995
Tax on autom. and motor-cycles	1 221	1 282
Stamp duties	802	931
Special diesel etc. vehicles tax	138	151
Other taxes and similar revenue	869	967
Total taxes	30 919	36 315
Miscellaneous revenue	2 233	2 828
Interest, dividends etc.	844	865
Redemptions of loans granted	507	610
Total revenue	34 503	40 618
Foreign borrowing	2 500	1 790
Domestic borrowing	1 967	2 892
Total borrowing	4 467	4 682
Deficit (+) or surplus (-)	+272	-386
Total	39 242	44 914

Expenditure	Jan.-Nov.	
	1979	1980
Wages, salaries, pensions etc.	6 417	7 223
Repair and maintenance	837	948
Other consumption expenditure	3 478	4 176
Total consumption expenditure	10 732	12 347
State aid to local authorities	7 889	9 237
State aid to industries	6 014	6 622
of which: agric. price subsidies	(2 517)	(2 557)
Child allowances	1 265	1 431
Share in national pensions and sickness insurance schemes	307	486
Other transfer expenditure	4 891	5 315
Total transfer expenditure	20 366	23 091
Machinery and equipment	1 268	1 257
Construction of buildings	711	701
Land and waterway construction	1 538	1 714
Total real investment	3 517	3 672
Interest on State debt	696	973
Net deficit of State enterprises	-416	-267
Other expenditure	48	11
Total other expenditure	328	717
Increase in inventories	24	227
Lending	2 754	3 047
Other financial investment	457	421
Total expenditure	38 178	43 522
Redemption of foreign loans	217	186
Redemption of domestic loans	847	1 206
Total redemptions	1 064	1 392
Total	39 242	44 914

State debt	1978	1979	1980			
	Dec.	Dec.	August	Sept.	Oct.	Nov.
Foreign debt	7 360	8 964	9 964	10 037	10 091	10 248
Loans	4 607	6 050	7 088	7 187	7 252	7 295
Compensatory obligations	1	—	—	—	—	—
Short-term credit	259	204	21	21	21	17
Cash debt (net)	-735	-596	-272	-366	-351	-649
Domestic debt	4 132	5 658	6 837	6 842	6 922	6 663
Total State debt	11 492	14 622	16 801	16 879	17 013	16 911
Total debt mill \$	2 859	3 915	4 584	4 618	4 604	4 461

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1975	20 247	28 002	-7 755
1976	24 505	28 555	-4 050
1977	30 931	30 708	+223
1978	35 206	32 338	+2 868
1979	43 430	44 222	-792
1980*	52 793	58 239	-5 446

1980*			
Jan.	4 245	4 943	- 698
Feb.	3 795	4 232	- 437
March	4 735	4 409	+ 326
April	3 788	4 495	- 707
May	4 166	3 787	+ 379
June	4 501	5 742	-1 241
July	4 349	5 030	- 681
Aug.	3 921	5 481	-1 560
Sept.	4 579	5 135	- 556
Oct.	4 639	5 309	- 670
Nov.	4 486	4 171	+ 315
Dec.	5 589	5 505	+ 84

1981*			
Jan.	4 998	4 478	+ 520

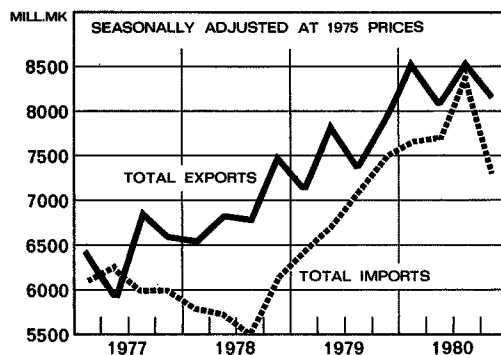
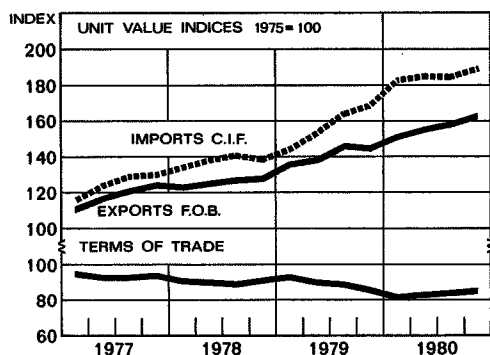
Indices of exports and imports
1975 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1975	100	100	100	
1976	117	96	103	107	96
1977	129	88	119	124	96
1978	138	84	126	138	91
1979	151	99	142	159	89
1980*	165	112	158	186	85

1978					
July-Sept.	128	79	128	142	90
Oct.-Dec.	160	93	129	140	92

1979*					
Jan.-March	140	90	137	145	94
Apr.-June	154	94	140	154	91
July-Sept.	138	100	147	164	90
Oct.-Dec.	171	113	146	170	86

1980*					
Jan.-March	166	105	152	184	83
Apr.-June	158	106	156	186	84
July-Sept.	160	120	159	186	85
Oct.-Dec.	177	112	164	190	86



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

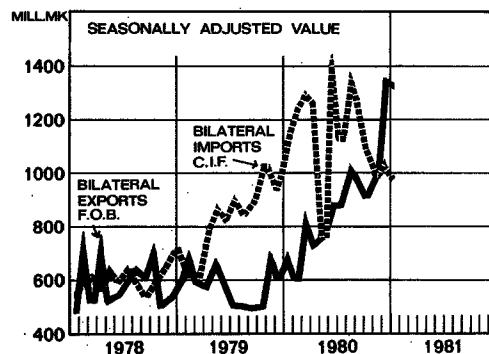
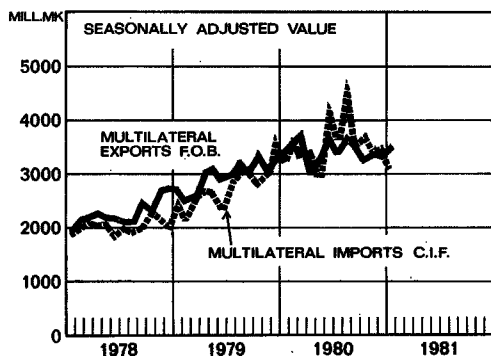
Period	Exports, f. o. b.					Imports, c. i. f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
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	1 087	3 854	8 798	9 184	8 008	19 128	2 066	4 828	4 603	83
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	11 544	16 353	38 607	4 087	7 992	7 442	111

1980*

Jan.	286	601	1 203	751	1 404	3 159	431	652	681	20
Feb.	39	566	1 170	829	1 191	2 809	200	534	632	57
March	247	554	1 269	1 087	1 578	2 918	191	595	704	1
April	39	542	1 007	965	1 235	2 974	150	621	748	2
May	168	660	1 357	770	1 211	2 557	195	514	518	3
June	53	806	1 327	928	1 387	4 198	435	574	529	6
July	73	703	1 541	895	1 137	3 196	539	722	571	2
Aug.	47	582	1 387	684	1 221	3 572	459	841	602	7
Sept.	76	690	1 374	931	1 508	3 401	388	706	637	3
Oct.	56	742	1 313	1 040	1 488	3 476	436	727	667	3
Nov.	59	627	1 324	1 098	1 378	2 680	283	650	556	2
Dec.	260	669	1 479	1 566	1 615	3 667	380	856	597	5

1981*

Jan.	392	592	1 339	1 297	1 378	2 709	284	818	665	2
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FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January				January			
	1980		1981*		1980		1981*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	71.3	3 025	62.2	3 108	55.5	2 743	55.9	2 505
Austria	0.8	32	0.5	26	1.2	58	1.2	53
Belgium and Luxembourg	1.6	69	1.3	63	1.8	89	1.7	78
Denmark	3.7	157	2.7	134	2.5	126	2.2	99
France	5.1	218	5.1	253	3.5	173	4.2	186
Federal Republic of Germany	12.8	543	10.7	534	13.2	652	12.9	578
Italy	2.9	123	2.3	113	2.5	124	2.5	111
Netherlands	4.3	182	3.3	166	2.9	143	2.7	123
Norway	3.9	165	9.1	453	1.9	93	3.1	140
Portugal	0.2	7	0.3	16	0.4	21	0.5	21
Spain	0.8	35	0.8	40	1.0	48	0.8	36
Sweden	19.5	826	12.0	601	13.6	673	12.3	549
Switzerland	2.4	101	2.2	112	1.7	83	1.8	79
United Kingdom	11.9	507	10.6	532	8.8	436	9.0	404
Other	1.4	60	1.3	65	0.5	24	1.0	48
OECD countries outside Europe	5.5	232	6.5	327	9.0	444	16.0	716
Canada	0.5	20	0.5	28	0.7	34	0.6	29
Japan	1.0	43	1.7	83	2.9	142	4.6	205
United States	3.2	136	3.8	190	5.3	261	9.6	429
Other	0.8	33	0.5	26	0.1	7	1.2	53
CMEA countries	14.8	628	23.5	1 174	26.9	1 329	23.3	1 042
Czechoslovakia	0.3	13	0.2	10	0.5	26	0.7	32
German Democratic Republic	0.7	28	0.6	28	0.5	24	1.0	45
Poland	0.5	20	0.2	9	1.5	72	0.7	30
Soviet Union	12.5	531	22.0	1 100	23.6	1 168	19.8	887
Other	0.8	36	0.5	27	0.8	39	1.1	48
Latin America	1.0	44	1.0	50	2.7	134	1.7	78
Argentina	0.3	15	0.4	22	0.1	3	0.1	4
Brazil	0.3	12	0.2	9	0.9	45	0.6	27
Colombia	0.2	8	0.0	1	1.6	79	0.4	18
Other	0.2	9	0.4	18	0.1	7	0.6	29
Other	7.4	316	6.8	339	5.9	293	3.1	137
GRAND TOTAL	100.0	4 245	100.0	4 998	100.0	4 943	100.0	4 478
of which								
EFTA countries	26.8	1 139	24.3	1 212	19.3	938	19.4	867
EEC countries	43.2	1 833	36.8	1 837	36.0	1 752	35.6	1 593
OECD countries	76.8	3 257	68.7	3 435	65.5	3 187	70.8	3 172

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	Unrequited transfers, net	Other, net	Current account
1977	30 805	30 961	- 156	+1 747	- 23	+526	+2 094	-2 434	-198	- 42	- 580
1978	35 068	32 600	+2 468	+2 024	+141	+803	+5 436	-2 713	-211	+ 94	+2 606
1979*	43 302	44 523	-1 221	+3 089	+157	+311	+2 336	-2 840	-430	+124	- 810
1980*	52 650	58 500	-5 850	+3 300	+300	+700	-1 550	-3 200	-400	+150	-5 000

1977

Oct.-Dec.	9 071	8 604	+ 467	+ 483	- 55	+114	+1 009	- 670	- 51	- 6	+ 282
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1978

Jan.-March	7 753	7 445	+ 308	+ 457	- 72	+185	+ 878	- 569	- 80	+ 4	+ 233
Apr.-June	8 625	8 086	+ 539	+ 479	+ 4	+205	+1 227	- 781	- 40	+ 28	+ 434
July-Sept.	8 284	7 906	+ 378	+ 500	+217	+140	+1 235	- 617	- 42	+ 31	+ 607
Oct.-Dec.	10 406	9 163	+1 243	+ 588	- 8	+273	+2 096	- 746	- 49	+ 31	+1 332

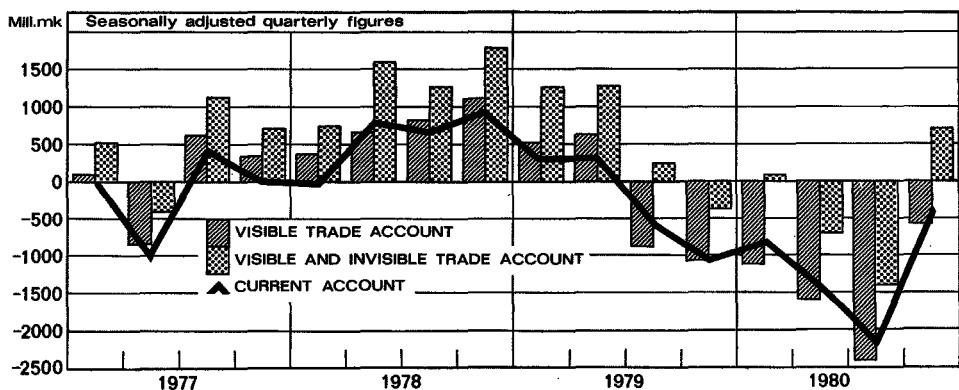
1979*

Jan.-March	9 683	9 195	+ 488	+ 681	-112	+300	+1 357	- 656	-204	+ 28	+ 525
Apr.-June	10 847	10 213	+ 634	+ 755	+ 13	- 76	+1 326	- 963	- 91	+ 28	+ 300
July-Sept.	10 210	11 585	-1 375	+ 791	+251	+ 74	- 259	- 671	- 51	+ 36	- 945
Oct.-Dec.	12 562	13 530	- 968	+ 862	+ 5	+ 13	- 88	- 550	- 84	+ 32	- 690

1980*

Jan.-March	12 736	13 661	- 925	+ 864	-109	+324	+ 154	- 787	-152	+ 1	- 784
Apr.-June	12 413	14 075	-1 662	+ 686	+ 83	+127	- 766	- 737	- 64	+ 27	-1 540
July-Sept.	12 812	15 712	-2 900	+ 884	+286	+124	-1 606	- 727	-103	+ 2	-2 434
Oct.-Dec.	14 689	15 052	- 363	+ 866	+ 40	+125	+ 668	- 949	- 81	+120	- 242

* Revised figures. See explanations on page 22.



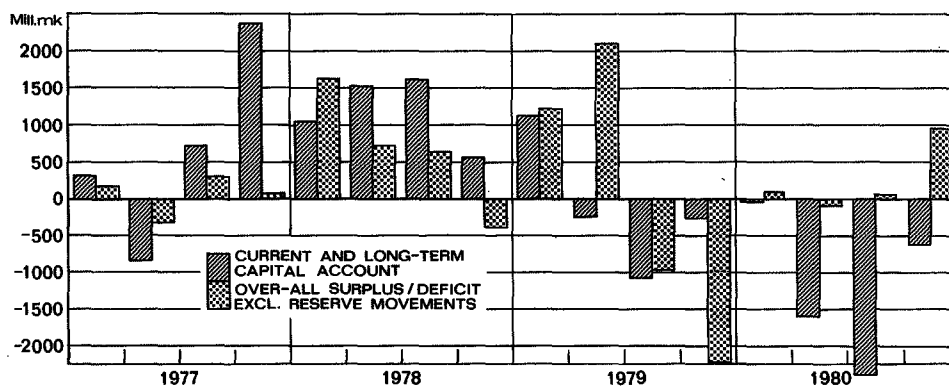
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Short-term capital of authorized banks, net ³	Miscellaneous, short-term capital items, incl. errors and omissions ²	Over-all surplus deficit excl. reserve movements ³	Bank of Finland foreign exchange reserves
+6 454	-2 745	-241	-229	+3 239	+2 659	-1 547	- 470	-451	+25	+216	-216
+9 007	-5 743	-774	-229	+2 261	+4 867	+ 130	-2 188	-699	+479	+2 589	-2 589
+6 230	-4 843	-541	-416	+ 430	- 380	+ 831	- 834	+1 290	-785	+122	-122
+5 183	-4 138	-400	-245	+ 400	-4 600	+3 400	-1 000	+4 000	-805	+995	-995
+2 907	- 691	+ 7	- 79	+2 144	+2 426	- 642	- 384	-915	-417	+68	-68
+1 876	- 854	-166	- 17	+ 839	+1 072	- 479	- 402	+627	+804	+1 622	-1 622
+2 900	-1 733	- 1	- 51	+1 115	+1 549	+ 328	- 402	-725	-28	+722	-722
+2 265	-1 089	- 96	- 39	+1 041	+1 648	+ 20	- 692	-587	+252	+641	-641
+1 966	-2 067	-511	-122	- 734	+ 598	+ 261	- 692	-14	-549	-396	+396
+2 202	-1 626	- 8	+ 50	+ 618	+1 143	- 19	- 63	+723	-552	+1 232	-1 232
+1 267	-1 453	-218	-174	- 578	- 278	+ 39	- 62	+1 966	+435	+2 100	-2 100
+1 258	- 892	-336	-105	- 75	-1 020	+ 422	- 354	-925	+892	-985	+985
+1 503	- 872	+ 21	-187	+ 465	- 225	+ 389	- 355	-474	-1 560	-2 225	+2 225
+2 108	-1 113	-171	- 65	+ 759	- 25	+ 136	- 31	+518	-515	+83	-83
+1 076	- 997	- 39	- 85	- 45	-1 585	+1 368	- 31	+1 666	-1 513	-95	+95
+1 126	- 913	- 36	-115	+ 62	-2 372	+ 597	- 12	+1 189	+652	+54	-54
+ 873	-1 115	-154	+ 20	- 376	- 618	+1 299	- 926	+627	+571	+953	-953

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

¹ Including Direct investment, net.

² Including Allocations of Special drawing rights 139 million in 1979 and 133 million in 1980.

³ 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.

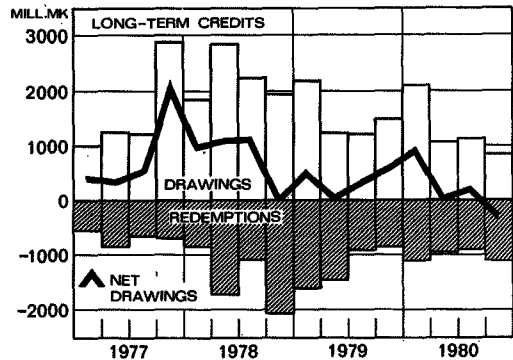
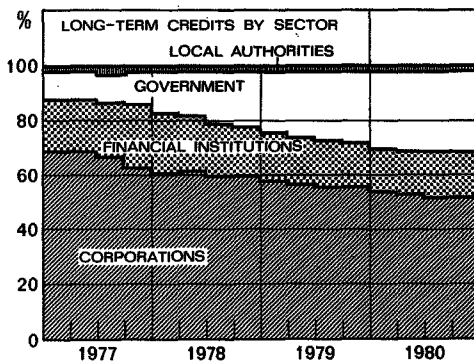


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

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
1977	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
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
1977										
Dec.	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978										
March	2 499	1 673	840	5 012	25 107	6 068	1 774	159	33 108	28 096
June	2 517	1 759	862	5 138	26 769	6 134	1 865	159	34 927	29 789
Sept.	2 548	1 785	885	5 218	28 212	5 812	1 885	187	36 096	30 878
Dec.	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979*										
March	3 001	1 972	1 008	5 981	28 214	5 584	1 924	221	35 943	29 962
June	3 179	2 089	1 029	6 297	27 763	5 172	1 923	226	35 084	28 787
Sept.	3 419	2 226	1 066	6 711	27 724	4 956	1 930	232	34 842	28 131
Dec.	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980*										
March	3 625	2 456	932	7 013	29 122	4 692	1 971	288	36 073	29 060
June	3 534	2 539	967	7 040	28 887	4 517	1 990	268	35 662	28 622
Sept.	3 594	2 649	972	7 215	29 251	4 482	2 029	278	36 040	28 825
Dec.	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793

See explanations on page 22.

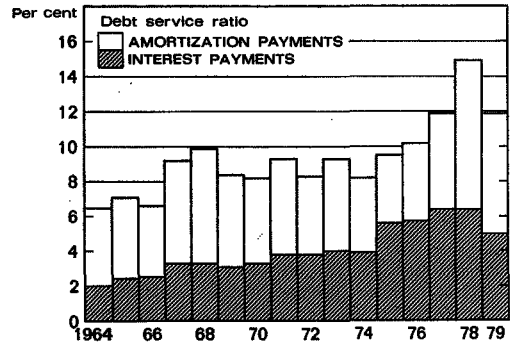
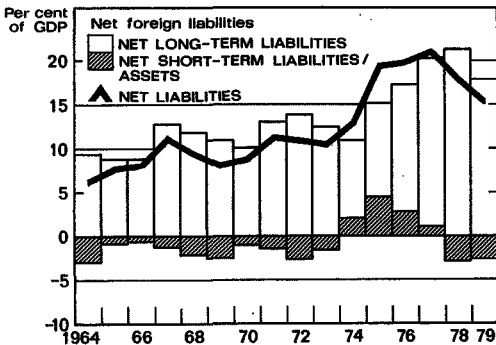


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

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
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	4 516	2 082
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	6 622	3 769
7 918	6 454	9 166	23 538	2 340	9 333	7 816	19 489	-4 049	24 626	6 457	3 472
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	1 206	536
5 491	3 409	7 233	16 133	1 293	6 594	7 559	15 446	-687	27 409	1 392	779
6 748	4 097	7 456	18 301	1 772	6 610	7 751	16 133	-2 168	27 621	1 493	673
7 003	4 412	7 779	19 194	1 483	6 264	7 419	15 166	-4 028	26 850	1 628	984
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	2 109	1 333
7 804	4 072	8 289	20 165	1 611	6 692	7 332	15 635	-4 530	25 432	1 970	1 284
9 871	3 939	8 482	22 292	1 604	8 404	7 476	17 484	-4 808	23 979	2 085	1 082
8 601	4 141	8 787	21 529	1 579	7 620	7 808	17 007	-4 522	23 609	1 315	604
7 918	6 454	9 166	23 538	2 340	9 333	7 816	19 489	-4 049	24 626	1 087	502
8 708	6 812	9 318	24 838	3 113	10 179	7 700	20 992	-3 846	25 214	1 757	937
9 279	7 008	9 592	25 879	3 727	11 970	9 249	24 946	- 933	27 689	1 516	730
9 250	7 352	9 684	26 286	3 605	13 539	9 749	26 893	607	29 432	1 513	761

See explanations on page 22.



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975 = 100						Building costs 1973 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1978	727	125.8	124.1	131.8	119.2	140.3	129.5	180.8	161.0	186.0
1979	791	138.0	135.0	148.7	133.1	150.7	139.2	198.8	177.6	204.1
1980	919	160.7	156.6	175.0	160.1	167.7	155.9	225.5	192.2	234.5
1980										
June	919	160.7	156.0	177.0	160.6	167.1	155.5	226.3	194.5	234.2
July	934	163.2	158.5	179.5	163.3	169.3	157.6	226.6	194.9	234.5
Aug.	939	164.0	159.9	178.7	163.3	171.6	159.4	228.1	194.9	236.4
Sept.	947	165.6	162.0	178.2	165.5	172.6	159.9	231.1	194.9	241.4
Oct.	957	167.3	163.9	179.2	167.3	173.9	161.7	234.9	201.0	244.3
Nov.	963	168.3	164.9	180.5	168.2	174.4	163.7	235.8	201.0	245.6
Dec.	971	169.6	165.9	182.8	170.0	174.8	164.5	237.1	201.0	247.6
1981										
Jan.	983	171.8	168.2	184.6	172.6	176.5	166.1	241.2	203.3	251.1
Feb.	1 003	175.3	170.7	191.6	177.7	176.9	168.4	242.2	203.3	252.5

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
1978	107.8	104.4	114.6	105.8	106.3	106.4	105.2	112.4	111.1	108.2	109.2
1979	115.9	108.8	129.4	116.3	113.1	114.4	114.4	124.1	120.2	115.5	118.4
1980	129.3	122.8	140.9	131.9	122.4	141.1	127.4	137.6	136.4	123.4	132.6
1980											
June	128.6	122.6	139.4	131.8	118.1	143.3	127.0	136.3	137.4	123.6	132.3
July	129.4	124.4	139.4	130.1	118.1	143.8	127.7	136.4	138.9	124.0	133.3
Aug.	131.1	124.8	139.4	131.6	126.6	144.0	128.3	140.3	138.6	125.0	133.4
Sept.	132.9	127.8	139.4	135.3	130.6	145.0	129.7	141.3	138.7	125.4	134.2
Oct.	134.2	130.4	139.4	138.7	130.6	149.6	131.4	142.6	138.7	125.5	135.8
Nov.	135.4	129.7	149.8	140.5	130.6	149.7	131.8	142.6	139.0	126.6	139.2
Dec.	136.4	128.5	149.8	141.2	132.8	152.1	132.3	144.1	141.1	128.0	141.0
1981											
Jan.	137.6	128.8	155.5	140.4	132.8	153.4	133.9	145.2	142.4	129.4	144.4
Feb.	138.8	129.3	155.5	143.2	132.8	159.4	134.5	145.3	144.9	130.0	145.8

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			State employees	Municipal employees	Employees in private sector				
	Agriculture	Industry	Construction							Employees in services
1979*	161.6	151.6	134.1	149.5	145.6	142.6	150.8	148.6	149.3	148.9
1980*	179.2	170.3	147.7	166.5	160.5	156.6	169.5	165.7	167.3	166.4
1979*										
July-Sept.	162.6	151.3	133.4	149.7	145.9	142.7	151.3	149.1	149.5	149.3
Oct.-Dec.	168.2	154.6	137.5	154.2	148.5	145.5	154.9	152.4	153.0	152.7
1980*										
Jan.-March	168.9	160.2	140.9	158.2	152.2	149.4	159.2	156.3	157.4	156.9
Apr.-June	178.1	172.1	147.1	166.6	160.9	157.0	169.8	165.3	168.3	166.8
July-Sept.	178.4	171.0	149.1	166.8	161.2	157.1	170.9	166.8	168.3	167.5
Oct.-Dec.	188.7	178.0	153.9	174.6	167.6	163.1	178.2	174.2	175.1	174.6

PRODUCTION

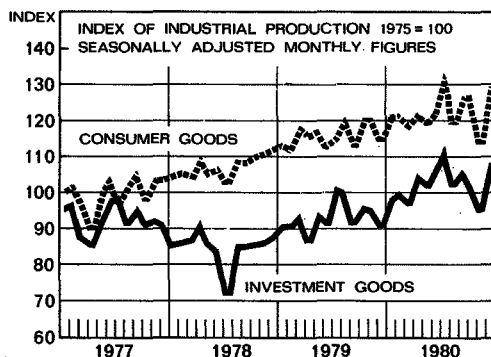
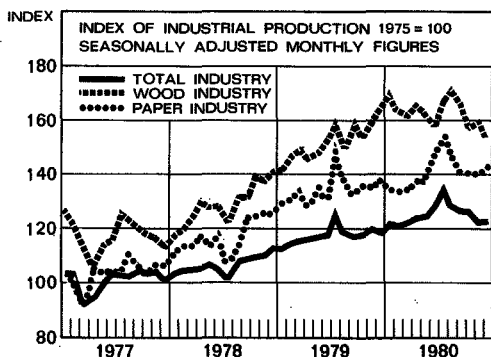
Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1978										
Apr.-June	102	108	84	110	79	89	101	94	114	109
July-Sept.	98	91	159	62	99	85	102	95	115	104
Oct.-Dec.	110	114	78	147	104	87	112	106	116	108
1979*										
Jan.-March	107	118	78	145	73	85	99	90	119	107
Apr.-June	110	117	86	169	73	89	111	103	118	112
July-Sept.	106	104	158	72	96	87	113	103	119	108
Oct.-Dec.	119	126	75	153	116	91	127	112	120	114
1980*										
Jan.-March	112	126	72	149	79	87	109	97	122	111
Apr.-June	113	125	81	145	79	89	111	104	121	116
July-Sept.	115	115	190	95	110	86	121	106	122	112
Oct.-Dec.	124	134	68	161	124	91	135	118	124	118

PRODUCTION

Index of industrial production 1975 = 100

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	
1977	101.8	93.6	100.9	104.4	96.3	199.0	104.6	101.0	94.7	98.7	101.9
1978	107.0	85.6	108.1	111.9	103.9	130.3	118.2	109.6	93.5	99.6	107.0
1979*	118.2	94.4	116.9	125.0	110.4	153.2	136.0	123.7	102.3	110.8	118.4
1980*	125.3	102.6	123.1	132.3	114.5	163.0	142.9	138.0	112.7	118.4	125.7
1979*											
Oct.	134.5	112.6	133.5	140.6	134.0	173.2	152.3	135.1	125.7	130.3	118.8
Nov.	134.2	111.5	134.6	139.9	129.5	170.6	146.5	139.5	118.6	128.7	120.4
Dec.	112.2	86.3	112.3	119.0	100.2	138.5	127.8	105.3	82.5	102.8	119.0
1980*											
Jan.	131.9	108.9	130.9	138.3	106.1	167.1	146.1	137.9	108.3	124.6	121.7
Feb.	124.3	101.7	122.5	131.0	101.1	160.9	137.3	136.0	105.4	117.5	121.3
March	131.6	106.3	128.9	139.5	106.6	175.7	149.3	150.0	106.4	124.0	123.5
April	124.6	103.0	122.2	131.4	110.7	188.6	130.1	142.1	109.1	119.7	125.6
May	129.0	110.7	126.8	134.8	121.0	203.3	132.5	144.5	114.7	128.3	126.2
June	121.0	102.9	116.6	127.7	109.9	170.5	129.3	133.5	112.7	117.3	129.0
July	88.3	54.5	77.9	101.9	109.7	87.7	150.6	88.2	82.3	64.2	136.4
Aug.	124.2	98.5	123.0	131.6	110.6	147.5	154.2	140.3	119.7	117.2	129.2
Sept.	132.4	112.4	129.4	138.9	121.3	179.1	145.2	145.5	133.2	130.4	127.9
Oct.	142.8	117.9	143.4	149.0	141.1	177.1	154.4	159.8	141.9	138.3	127.7
Nov.	129.6	109.1	128.9	135.3	123.5	154.7	149.1	143.2	122.5	124.3	123.2
Dec.	125.3	107.3	127.8	128.9	112.8	140.1	137.8	134.9	95.9	122.0	123.7



LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Unemployed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1972 = 100	Wholesale volume index 1972 = 100
1977	3 561	2 248	2 111	137	6.1	27 814	113	120
1978	3 578	2 253	2 084	169	7.5	29 021	110	120
1979	3 593	2 223	2 134	139	6.1	37 986	117	135
1980*	3 606	2 315	2 203	112	4.8	38 283	119	141
1980*								
April	3 603	2 229	2 114	115	5.2	2 541	116	134
May	3 606	2 288	2 190	98	4.3	4 140	120	146
June	3 603	2 486	2 373	113	4.5	3 125	119	137
July	3 605	2 490	2 371	119	4.8	1 640	123	126
Aug.	3 606	2 408	2 302	106	4.4	1 881	120	140
Sept.	3 609	2 295	2 204	91	4.0	2 568	120	157
Oct.	3 615	2 355	2 234	121	5.1	3 255	125	157
Nov.	3 612	2 296	2 189	107	4.6	3 400	114	139
Dec.	3 615	2 294	2 179	115	5.0	3 775	150	158
1981*								
Jan.	3 616	2 280	2 148	132	5.8

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											
1977	41.88	18.86	4.22	12.11	3.71	43.70	18.10	3.07	16.80	3.33	48.12
1978	41.98	17.90	4.97	12.72	3.68	42.56	18.21	3.77	13.59	4.21	42.78
1979*	48.64	18.71	6.34	16.57	3.99	38.29	16.70	4.39	11.88	3.25	47.62
1979*											
July-Sept.	11.74	4.47	1.32	3.79	1.16	8.39	3.33	1.24	2.22	0.88	51.91
Oct.-Dec.	9.99	3.46	1.02	3.59	1.38	14.13	6.39	1.91	4.26	0.89	47.62
1980*											
Jan.-March	8.55	3.38	1.04	3.13	0.55	8.18	3.69	0.73	2.72	0.73	44.40
Apr.-June	18.92	8.21	2.64	5.69	1.24	7.84	3.35	0.72	2.74	0.61	52.72
Oct.-Dec.	11.97	4.69	1.01	4.49	0.91	10.77	3.47	1.37	4.05	1.11	54.62

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 — Till-money credits — 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.

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 2.5 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.

FOREIGN EXCHANGE RATES

Page 7. *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.

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

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

Page 8. *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 9. *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 10. Official figures computed by the Economic 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. 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 11—13. Figures supplied by the Board of Customs. *Indices* (p. 11): 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. 13): from January 1980 imports by countries of origin exports by countries of consignment.

BALANCE OF PAYMENTS

Pages 14—15. Figures are calculated by the Bank of Finland. In the current account, the figures for visible and invisible trade 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 16—17. Figures calculated by the Bank of Finland. Long-term assets: Other = financial loans + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds. Short-term assets: From 1978 the Bank of Finland's foreign bills are included in financing of exports and reclassified under the corporate sector.

Column 21 Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payments of long-term foreign assets and liabilities excl. amortisation payments of the Bank of Finland's reserves 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. 1978 and 1979. Debt service does not include amortisation of the Bank of Finland's reserve and oil credits.

PRICE INDICES

Page 18. All indices calculated by the Central Statistical Office.

WAGES — PRODUCTION

Pages 19—20. Figures supplied by the Central Statistical Office. Page 20. *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 — CONSTRUCTION OF BUILDINGS

Page 21. *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. — Break in series.

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 1979 is as follows: Social Democratic Party of Finland 52, National Coalition Party 47, Centre Party 36, Democratic League of the People of Finland 35, Swedish Party 10, Christian League of Finland 10, Finnish Rural Party 6 and Liberal Party 4.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1960, UN 1955, IFC 1956, IDA 1960, 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 (8.6%) 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 (1979): 4.8 million. Sweden 8.3, Switzerland 6.3, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1979): In South Finland 46.6, in East and Central Finland 14.0, in North Finland 4.0 and in the whole country an average of 15.6 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1979): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 483 743 inhabitants, Tampere (Tammerfors) 165 883, Turku (Åbo) 163 903.

EMPLOYMENT (1979): Agriculture and forestry 12%, industry and construction 34%, commerce 14%, transport and communication 8%, financing, insurance, real estate and business services 6%, community and personal services 26%.

LANGUAGE (1979): Finnish speaking 93.6%, Swedish speaking 6.3%, others 0.1%.

EDUCATION (1980): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 15 colleges of university standard.

CHANGE OF POPULATION (1979): births 13.3 ‰, deaths 9.2 ‰, change + 2.3 ‰, net immigration - 1.9 ‰. Deaths in France 10.1 ‰ and Great Britain 11.9 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1979, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 6 191 (4%), forestry and fishing 7 198 (5%), manufacturing 46 699 (32%), construction 10 478 (7%), trade, restaurants and hotels 16 307 (11%), transport and communication 12 375 (9%), banking and insurance 5 145 (4%), ownership of dwellings 10 217 (7%), other services 29 808 (21%), total 144 418. Index of real domestic product 112 (1975 = 100).

FOREST RESOURCES (1979). The growing stock comprised of 1 606 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, 690 million m³ was up to the standard required for logs, 56% of these being pine. The annual growth was 61 million m³ and the total removal calculated on the basis of roundwood consumption was 49 million m³.

AGRICULTURE (1978): Cultivated land 2.3 million hectares. Number of holdings 232 800 of which 159 600 are of more than 5 ha. Measure of self-sufficiency in bread cereals 44%.

INDUSTRY (1979). Gross value of industrial production 138 668 mill. marks, number of workers 396 020, salaried employees 133 650, motive power (1978) 7.6 mill. kW. Index of industrial production 118 for 1979 (1975 = 100).

STATE RAILWAYS (Dec. 31, 1980): Length 6 076 km.

MERCHANT FLEET (Dec. 31, 1980): Passenger vessels 143 (238 040 gross reg. tons), tankers 39 (1 101 330 gross reg. tons), dry cargo vessels 213 (992 682 gross reg. tons), other vessels 92 (14 119 gross reg. tons), total 487 (2 346 171 gross reg. tons)

MOTOR VEHICLES (Dec. 31, 1979): Passenger cars 1 169 501 lorries and vans 143 095, buses 8 826, others 8 136, total 1 329 558.

FINNISH AIRLINES (April 1, 1981): Finnair and Kar-Air have in use 6 DC-8, 1 DC-6-ST, 5 Super Caravelles, 9 DC-9 10/14/15, 12 DC-9-51, 2 DC-10-30, 2 Fokker F-27 and 1 Empraer Bandeirante. Companies have scheduled traffic outside of Finland to 37 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 present currency weights are Rbl 20.1, Skr 17.4, £ 13.5, DM 13.2, \$ 10.0, other currencies 25.8. The permissible range of fluctuation is about 3 per cent on either side of the arithmetic mean. The fluctuation limits are 119.0 and 112.0.

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, 1980) There are two big and five small commercial banks with in all 880 offices, 275 savings banks, 372 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-five private insurance companies also grant credits.

RATES OF INTEREST (Feb. 1, 1980). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility is 9 ¼%. The range of rates for other credits granted by the Bank of Finland is between 7 ½% and 10 ½%. Other credit institutions time deposits 5%; 6 month deposits 6 ¼%; 12 month deposits 7 ¼%; 24 month deposits 9 ¼%; 36 month deposits 9 ¼% + savings premium; 36 month deposits 9 ¼% + tax concession and sight deposits 2%. The highest lending rate 12 ½%.

THE STRUCTURE AND DEVELOPMENT OF THE FINNISH ECONOMY IN 1960—1979

by Risto Kunnas

Head of the Division of National Accounts
Central Statistical Office of Finland

About a year and a half ago, Finland started to follow the United Nations recommendations on national accounting dating from 1968.¹ On the whole, this revision has met with satisfaction among the users of statistics. To familiarise users with the new accounting system, a number of training sessions were held in which a total of about 300 economists participated. In the discussions conducted during these sessions, the shortness of time series clearly emerged as the major issue. This was to be expected given the fact that users had at their disposal historical data for the gross domestic product and expenditure accounts starting from 1970 and for institutional accounts only from 1975. Since the same period witnessed the sharp changes in relative prices initiated by the oil crisis and the ensuing adjustment process by the economy's production structure, involving inflation, unemployment, current account imbalances and exchange rate fluctuations, the criticism of the shortness of time series was well justified. In the autumn of 1979, a project got under way in the Central Statistical Office of Finland aimed at extending the historical series back to 1960 in accordance with the concepts and coverage of the revised accounts; the project was completed at the end

¹ On this revision, see the February 1980 issue of this Bulletin.

TABLE 1. THE TREND OF OUTPUT GROWTH IN THE 20TH CENTURY, PER CENT

1901—1910	3.0
1911—1920	-2.6
1921—1930	4.8
1931—1940	4.2
1941—1950	2.9
1951—1960	4.3
1961—1970	4.3
1971—1980	2.8
1901—1980	3.4

of 1980. The purpose of this article is to outline the main features of the Finnish economy in the period 1960—1979 in the light of this revision.

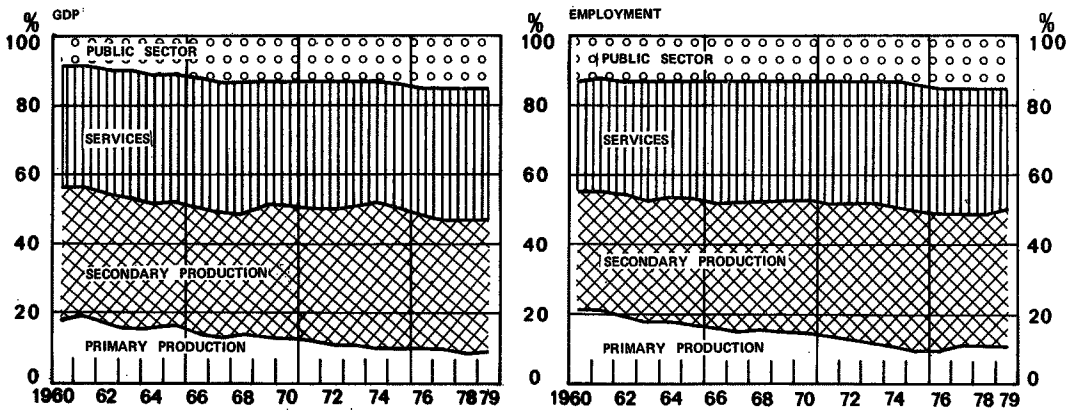
When examining the trend of output growth during the present century, it can be seen that the figures for the last two decades differ distinctly from each other (Table 1).

The 1960s marked the final stages of the period of vigorous growth following World War II and further boosted by the Korean War. It continued into the early 1970s, but there was a clear turning point in 1974 when the first energy crisis ushered in a period of slow growth lasting for five years. It was not until the end of the decade that GDP measures again began to exhibit the kind of changes which Finland had grown accustomed to previously.

THE STRUCTURE AND DEVELOPMENT OF AGGREGATE SUPPLY

The development of Finland's production structure over the last two decades can broadly be described as a period of industrialization and, in particular, of the growth of public services. In line with general developments in all industrial countries, the significance of primary production both in terms of contribution to GDP and as a provider of jobs declined substantially in the 1960s and 1970s. Whereas primary production employed every fifth employed person and accounted for one fifth of GDP in 1960, the corresponding figures for 1979 were every ninth employed person and less than a tenth of GDP. The total number of employees in primary production fell by 440 000 during 1960—1979.

CHART 1. CONTRIBUTIONS OF PRIMARY AND SECONDARY PRODUCTION AND SERVICES TO GDP AND EMPLOYMENT IN 1960–1979, PER CENT



The decline in primary production was also associated with heavy migration. The main migration flows were from Northern and Eastern Finland towards the Southern and Western parts of the country, and from sparsely populated regions towards population centres or Sweden, then experiencing a period of vigorous growth.

It has been estimated that about 330 000 people, or 7 per cent of the population, moved from the countryside to towns in the 1960s and 1970s. During the same period, some 130 000 people emigrated to Sweden.

By contrast, the relative contribution of secondary production to gross domestic product has remained almost unchanged throughout the period examined, being 38 per cent in both 1960 and 1979. Of the various sectors of secondary production, the share of industry has increased slightly, while that of construction has declined correspondingly. In particular, the metal industry has emerged as an important industrial sector alongside the traditional wood and paper industries. The chemical industries have grown even more rapidly than the metal industry. On the other hand, the decline in the share of construction reflects the stage of completion reached in social infrastructure.

The importance of secondary production for employment has grown steadily. Between 1960 and 1979, the proportion of persons employed

in secondary production as a percentage of the total number employed rose from 29 per cent to 34 per cent. The total number of employees in secondary production increased by 110 000 during the same period.

In the 1960s and 1970s, services have been the most expansive sector of the Finnish economy, their contribution to gross domestic product increasing from 44 per cent to 53 per cent. From the point of view of employment, the expansion in services has been even more significant. Thus, the total number of persons employed in services increased by 380 000, which meant a rise in the relative share of services from 37 per cent to 53 per cent. The increase in the share of private sector services has been in line with the developments in secondary production. However, the major part of the growth in the share of services is explained by the increase from 8 to 18 per cent in the relative share of persons employed in the public sector. In absolute terms, the increase amounted to 220 000 persons, which was half of the total number of people moving out of primary production.

A more detailed examination of production reveals some sizable differences between the various categories of economic activity. The figures in Table 2 indicating the trends in labour inputs have been derived from data on man-hours, as have the estimates for developments in productivity.

TABLE 2. PRODUCTION TRENDS IN 1960—1979; AVERAGE ANNUAL PERCENTAGE CHANGES

	Price	Volume	Labour inputs	Productivity
Primary production	8.9	-0.0	-4.3	4.4
Secondary production	8.5	4.8	0.1	4.7
of which:				
wood and paper industries	9.3	3.6	-0.2	3.9
metal industry	8.3	6.8	1.8	4.9
construction	9.6	2.7	-1.3	4.0
Services	9.0	4.9	1.6	3.2
Gross domestic product	8.8	4.2	-0.5	4.7

The average annual growth rate of GDP during this period has been 4.2 per cent, that of labour inputs -0.5 per cent and that of productivity 4.7 per cent. Reductions in working hours meant that in 1979 the average Finnish wage-earner worked approximately 6.5 weeks less than in 1960. Other highlights are the almost identical growth rates for secondary production and services in the private sector, the substantial expansion of the metal industry and the growth in government services.

The share of imports in aggregate supply has increased by almost a quarter. As a consequence, the Finnish economy has become increasingly dependent on international trade.

TABLE 3. PERCENTAGE BREAKDOWN OF AGGREGATE SUPPLY IN 1960 AND 1979, AND THE GROWTH TREND IN 1960—1979, AVERAGE ANNUAL RATE

	1960	1979	Price	Volume
Gross domestic product	81	76	8.8	4.2
Imports	19	24	8.9	4.5
Aggregate supply	100	100		

The increase in the share of imports can also be partly ascribed to the very sharp rise in the relative share of raw materials in total imports which took place during the period examined, and which was typical of the import structure of oil-importing countries. Between 1960 and 1970, raw material imports accounted for less than a half of total imports. By 1979, their share had risen to two thirds. The share of consumer goods has remained virtually unchanged at 15 per cent throughout the entire period, whereas the share of investment goods has fallen to almost half of what it was during the 1960s.

Examined by country, Finnish imports have been highly concentrated, with the four major import countries, the United Kingdom, Sweden, the Soviet Union and the Federal Republic of Germany, accounting together for about half of total imports.

THE STRUCTURE AND DEVELOPMENT OF AGGREGATE DEMAND

The increase in the importance of foreign trade and the growth of the public sector also dominate the changes in the demand components of the gross domestic product and expenditure accounts and the structure of demand during the period examined.

TABLE 4. PERCENTAGE BREAKDOWN OF AGGREGATE DEMAND IN 1960 AND 1979, AND THE GROWTH TREND IN 1960—1979, AVERAGE ANNUAL RATE

	1960	1979	Price	Volume
Private consumption	50	42	8.1	4.1
Public consumption	10	14	10.1	5.3
Investment	22	18	9.7	3.4
Exports	18	25	9.1	6.2
Aggregate demand	100	100	8.9	4.5

Exports have functioned as the locomotive of the economy, the growth rate of exports being nearly two percentage points faster than that of aggregate demand. Similarly, movements in export prices have been favourable and more or less in line with import price developments. Like imports, exports have also been highly concentrated. The United Kingdom, the Soviet Union and Sweden have been the three major export countries, taking almost half of total Finnish exports.

Forest industry products have been the most important items in Finnish exports. Owing to the diversification of industry, their share in commodity exports has fallen from almost 70 per cent to about 40 per cent.

Exports of metal industry products have risen sharply so that their share in Finnish exports has increased from one quarter to more than a third to put them on a par with wood and paper.

Of consumption expenditure, public consumption expenditure has increased at the expense of private consumption expenditure. As a result of a rise in the overall income level, the structure of private consumption expenditure has changed, with the emphasis in purchases shifting from necessities to consumer durables and services.

TABLE 5. PERCENTAGE BREAKDOWN OF PRIVATE CONSUMPTION IN 1960 AND 1979, AND THE GROWTH TREND IN 1960—1979, AVERAGE ANNUAL RATE

	1960	1979	Price	Volume
Consumer durables	7	11	6.8	7.4
Consumer semi-durables	16	12	7.0	3.9
Non-durable goods	45	40	8.2	3.4
Services	26	32	8.3	5.1
Other consumption	6	5	9.9	1.6
Total/average	100	100	8.1	4.1

The development of investment clearly reflects the impact of migration. Of the various types of investment, residential construction has experienced the strongest growth. On the other hand, the volume of land and waterway construction has grown at a slower rate and during the latter part of the period has been focussed on the renovation of existing roads and infrastructure.

TABLE 6. PERCENTAGE BREAKDOWN OF INVESTMENT IN 1960 AND 1979, AND THE GROWTH TREND IN 1960—1979, AVERAGE ANNUAL RATE

	1960	1979	Price	Volume
Construction of buildings excl. residential buildings	19	21	10.0	3.7
Land and waterway construction	19	14	9.8	1.4
Machinery and equipment	41	37	9.3	3.5
Residential buildings	21	28	9.8	4.6
Total/average	100	100	9.7	3.4

In industry, metal industry investment has grown fairly steadily, whereas forest industry investment has shown clear periodicity, with the emphasis falling at the beginning of the period, the turn of the decade and the end of the period. Energy investment has been concentrated in the 1970s, when large heating and nuclear power plants were constructed.

NATIONAL INCOME AND DISPOSABLE INCOME

Real national income per capita doubled during the period examined, amounting to 8 690 U.S. dollars in 1979. Owing to the change in the country's industrial structure, the share of wages, salaries and employers' social security contributions has increased steadily. While these accounted for 53 per cent of national income at the beginning of the period, their share had risen to 65 per cent by 1979. The average annual rise in wage-earners' real earnings amounted to 4.7 per cent, which corresponds to the development of productivity in the economy.

The shares of entrepreneurial and capital income in national income have declined steadily, with both of them falling by a third from what they were in 1960. The contribution of the public sector, i.e. indirect taxes and subsidies, has developed in line with national income and its share has remained unchanged at 12 per cent. Movements in the sectoral breakdown of national income have been characterized by a slight increase in the shares of households and general government. The sectoral breakdown of disposable income has undergone more significant changes.

TABLE 7. PERCENTAGE BREAKDOWN OF NATIONAL INCOME AND DISPOSABLE INCOME IN 1960 AND 1979

	Enter-prises	Finan- cial insti- tu- tions	Gen- eral gov- ern- ment	Non- profit insti- tu- tions	House- holds	To- tal
National income 1960	9	0	13	0	78	100
1979	8	-2	14	0	80	100
Disposable income 1960	2	1	23	1	73	100
1979	1	4	26	1	68	100

The household sector's share in the economy's disposable income has declined as a consequence of the shift in emphasis in direct taxation from corporate taxation towards household taxation. In order to finance the expenditure caused by extensive educational and health care reforms, it has been necessary to tighten taxation. As a result, the ratio of taxes to GDP

rose from 27 per cent to 35 per cent during the period examined, meaning an increase in the share of the public sector in disposable income. The importance of financial institutions has also increased, because the late 1960s saw the establishment of private insurance institutions designed to operate statutory income-linked pension schemes; considerable sums in the form of insurance premiums are channelled into these institutions.

the sharp rises in the prices of imported raw materials are imposing an increasing strain on the country's terms of trade, as is most clearly seen in the case of oil prices.

Apart from a few years, the current account has continually been in deficit. The ratio of Finland's long-term foreign debt to gross domestic product has increased from less than 10 per cent to more than 20 per cent.

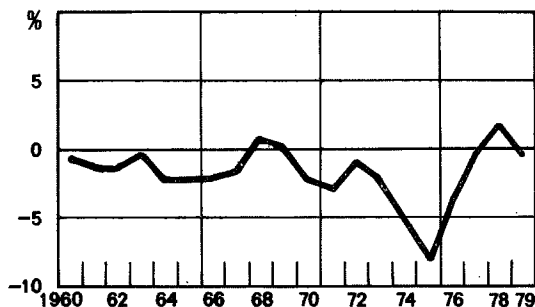
FINANCING AND THE FOREIGN DEBT

Although the average growth rate of exports has been faster than that of gross domestic product, the expansion and diversification of productive capacity have called for external finance. The development of production technology has also required an increase in the import of raw materials and energy. Hence,

THE OUTLOOK FOR THE 1980s

The Finnish economy underwent significant structural changes during the period examined. The industrializing society of the 1960s has been transformed in the 1970s into an economy heavily orientated towards the production of services. Not all the resultant changes have been positive. Migration has led to the concentration of economic activity in the country's Southern parts, so that Northern and Eastern Finland have become desolated. The recession years of the late 1970s also caused what is likely to be a period of fairly long-lasting structural unemployment in the country. The rise in the price of oil has increased the economy's dependence on foreign trade. The use of resources to cover the oil bill thus diminishes Finland's scope for restoring the imbalances caused by the above-mentioned structural changes. Energy saving has emerged as a serious challenge to Finland in the current decade.

CHART 2. CURRENT ACCOUNT SURPLUS AS A PERCENTAGE OF GDP IN 1960—1979



ITEMS

New silver commemorative coin. The President of the Republic of Finland, Urho Kekkonen, was 80 on September 3rd, 1980, and on March 1st, 1981, he will have been head of state for 25 years. In commemoration of these two events, a silver commemorative coin in the denomination of 50 Finnish marks is being issued. The coin is legal tender and will be issued on March 24, 1981 at its face value.

The obverse of the coin depicts President Kekkonen's face. Above the face, the legend runs »URHO KEKKONEN» and underneath »SUOMI 1981 FINLAND».

The reverse shows a ploughman and a plough drawn by a team of horses. The ploughman symbolizes the statesmanship of President Kekkonen.



The coin is made of an alloy containing 500/1 000 silver and 500/1 000 copper. The diameter is 30 mm and the weight 20 grams. The coin was designed by the sculptor Nina Terno.

Finland's gross long-term foreign debt in 1980. At the end of 1980, Finland's gross long-term foreign debt amounted to the equivalent of 36 522 million marks. Drawings of long-term foreign capital totalled 5 472 million marks, and redemptions 4 271 million marks. The net inflow of long-term capital thus reached 1 201 million marks last year, as against 1 568 million marks in 1979.

Debt service costs (redemptions, interest expenses and dividends) amounted to 7 432 million marks in 1980, or 11.1 per cent of current account receipts.

In a breakdown of drawings by type of credit, financial loans accounted for 86 per cent, import and leasing credits for 8 per cent, direct investments for 4 per cent and subscriptions for 2 per cent.

Drawings by enterprises amounted to 2 469 million marks or 48 per cent of total drawings, while those by central and local government totalled 1 836 million marks or 35 per cent, and those by financial institutions accounted for 878 million marks or 17 per cent.

Seven Finnish bond issues, together worth 1 492 million marks, were drawn abroad in 1980. Of this sum, bond issues launched by the Finnish Government accounted for 1 210 million marks.

FINLAND'S GROSS LONG-TERM FOREIGN DEBT BY TYPE OF CREDIT IN JANUARY—DECEMBER 1980, MILLION MARKS¹

	Debt Dec. 31, 1979	Drawings	Redemptions	Net drawings	Import of exchange rates	Debt Dec. 31, 1980
Financial loans	28 194	4 722	3 246	+1 476	+ 60	29 730
Individual financial loans	12 608	2 686	1 883	+ 803	—191	13 602
Bonds and debentures	15 586	2 036	1 363	+ 673	—131	16 128
Import credits	4 898	461	876	— 415	—106	4 377
Leasing credits	116	—	18	— 18	+ 4	102
LONG-TERM CREDITS	33 208	5 183	4 140	+1 043	— 42	34 209
Direct investments	1 979	193	89	+ 104	— 8	2 075
Subscriptions	184	96	42	+ 54	—	238
LONG-TERM GROSS DEBT	35 371	5 472	4 271	+1 201	— 50	36 522

¹ The mark values of debt outstanding have been calculated by using the selling rates of the same date, drawings and redemptions by using the average monthly selling rates.

Foreign direct investment in Finland and Finnish direct investment abroad in 1980.

In 1980, both the net outflow and the net inflow of investment capital were of approximately the same size as in the previous year. The overall balance, allowing for the payment of dividends and interest expenses in addition to investment flows proper, showed a deficit of 621 million marks for 1980. About half the net investment, either in Finland by foreign firms or abroad by Finnish firms, was allocated to manufacturing subsidiaries.

Direct investment abroad by Finnish firms amounted to 2 806 million marks at the end of 1980. Of this sum, 2 367 million marks was invested as equity capital, and 439 million marks as subsidiary loans. Direct investment in Finland by foreign firms totalled 2 075 million marks, of which amount loans to subsidiaries accounted for 446 million marks.

The net inflow of investment capital in 1980, 104 million marks, comprised direct investment in the form of equity capital (including bonus issues) of 165 million marks, less the repatriation of investment capital of 20 million marks, and drawings of loans by foreign firms to subsidiaries in Finland of 28 million marks, less redemptions on these of 69 million marks. A year earlier, investment in equity capital had amounted to 211 million marks. Despite the decline, to 165 million marks, the total net inflow of investment capital dropped by only 2 million marks from 106 million marks the previous year. That the fall in foreign investment capital was this small was due to a 50 per cent drop in redemptions on subsidiary loans. In 1979, redemptions had reached 139 million marks.

Of the net inflow of investment capital, 55 million marks was invested in manufacturing firms and 45 million marks in sales firms. Other types of subsidiaries were allocated 4 million marks of direct investment.

At the end of 1980, there were 926 firms in Finland which were over 20 per cent foreign-owned. Of these, 580 were sales firms and 196

manufacturing firms. Table 3 shows the number of foreign firms operating in Finland at the end of each year in 1965—1980. These figures have been revised so as to correspond to uniform methods of compilation.

The foreign subsidiaries in Finland transferred 181 million marks last year in dividends to their parent companies, and paid 25 million marks in interest on subsidiary loans granted by their parent companies.

The net outflow of investment capital amounted to 481 million marks in 1980. The net outflow of equity capital (including bonus issues) totalled 423 million marks. Subsidiary loans accounted for 75 million marks, while redemptions on earlier loans reached 17 million marks.

Of the net outflow of investment capital, 256 million marks was invested in manufacturing firms, 111 million marks in sales firms and 114 million marks in other types of subsidiaries. The latter group includes banks and insurance institutions.

At the end of last year, there were 1 052 subsidiaries abroad in which more than 20 per cent of the share capital was directly Finnish-owned. Revised end-of-year figures for the number of subsidiaries in the preceding years are presented in Table 3. Of the Finnish firms abroad at the end of 1980, 680 were sales firms and 125 manufacturing firms, while 247 were involved in some other kind of activity.

Of the net outflow of investment capital, 33 per cent went to North America, 30 per cent to the EEC countries and 16 per cent to the EFTA countries. These trade blocks accounted for almost all direct investment in Finland: the EFTA countries for 56 per cent, North America for 23 per cent and the EEC countries for 21 per cent of net investment.

* * *

Buying a second home abroad does not count as a direct investment. Before September 1,

1979, the Bank of Finland granted permission for this purpose for health reasons only. Between the introduction of the current, more liberal, permit system and the end of 1980, a

total of 198 permits were granted. Of these, 116 were used last year. The corresponding foreign exchange transfers amounted to slightly less than 15 million marks.

TABLE 1. FOREIGN DIRECT INVESTMENT IN FINLAND, AND FINNISH PAYMENTS OF DIVIDENDS AND INTEREST, MILL. MK

	Equity capital ¹	Repatriation	Equity capital, net	Loans to subsidiaries, net	Total	Payments of dividends	Bonus issues	Interest expenses	Grand total
1971	101	5	96	7	103	48	10	3	42
1972	119	5	113	18	131	79	5	2	45
1973	67	70	— 3	63	60	69	1	5	— 15
1974	116	15	101	55	156	67	19	9	61
1975	160	16	144	107	251	96	7	11	137
1976	156	3	153	70	223	115	34	16	58
1977	122	14	108	80	188	188	3	31	— 34
1978	155	29	126	15	141	130	15	29	— 33
1979	211	25	186	— 80	106	163	45	30	—132
1980	165	20	145	— 41	104	181	44	25	—146

¹ Including bonus issues.

TABLE 2. FINNISH DIRECT INVESTMENT ABROAD, AND DIVIDEND AND INTEREST EARNINGS RECEIVED IN FINLAND, MILL. MK

	Equity capital ¹	Repatriation	Equity capital, net	Loans to subsidiaries, net	Total	Dividend earnings ²	Bonus issues	Interest earnings	Grand total
1971	72	0	72	115	187	0	0	0	187
1972	156	0	156	117	273	1	0	0	272
1973	106	81	25	63	88	1	0	0	87
1974	59	9	50	32	82	3	0	0	79
1975	159	3	156	— 60	96	13	0	0	81
1976	110	11	99	19	118	4	7	—	107
1977	459	2	457	—164	293	3	2	3	285
1978	243	2	241	16	257	14	22	1	220
1979	440	1	439	48	487	4	16	3	464
1980	427	4	423	58	481	0	6	0	475

¹ Including bonus issues.

² The figures are imprecise as transfers of dividends and interest to Finland do not require a permit from the Bank of Finland.

TABLE 3. NUMBER OF FINNISH SUBSIDIARIES ABROAD AND FOREIGN SUBSIDIARIES IN FINLAND 1965—1980, REVISED END-OF-YEAR FIGURES¹

Year	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Finnish firms abroad ²	135	170	209	251	278	310	338	375	432	513	582	661	753	821	933	1 052
Foreign firms in Finland ³	286	318	345	378	432	480	553	610	660	682	746	782	803	834	876	926

¹ Because of unification and revision of the percentage limit, these figures differ slightly from those given in previous annual reports.

² More than 20 per cent of the nominal share capital Finnish-owned.

³ More than 20 per cent of the nominal share capital foreign-owned.

BANK OF FINLAND

Board of Management

Mauno Koivisto

Chairman, absent as Prime Minister

Ahti Karjalainen Rolf Kullberg
Vice Chairman, Acting Chairman Acting Vice Chairman

Pentti Uusivirta Ele Alenius

Harri Holkeri Seppo Lindblom
Acting Member of the Board

Directors

Markku Puntila Seppo Lindblom

Eino Helenius Pentti Koivikko

Kari Nars Antti Lehtinen

Senior officials

Pertti Kukkonen Ralf Pauli
Director, ADP-planning Monetary Policy

Raimo Hyvärinen Kari Pekonen
Domestic Financing Exchange Policy

M. Vanhala Kari Holopainen
Foreign Exchange Bilateral Trade

Pekka Tukiainen J. Ojala
Foreign Financing Exchange Control

Seppo Kostiainen Juhani Hirvonen
Deputy, Economics Dept. Deputy, Research Dept.

Markku Pietinen H. T. Hämäläinen
Information Administration

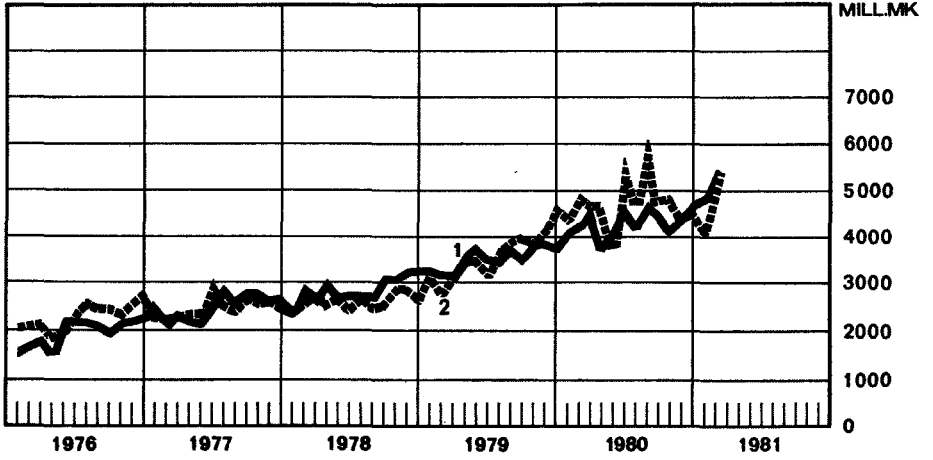
Timo Männistö U. Levo
Internal Audit International Legal Affairs

Erkki Vehkamäki Anton Mäkelä
Data Processing Personnel

Stig G Björklund Reijo Mäkinen
Payments Cash

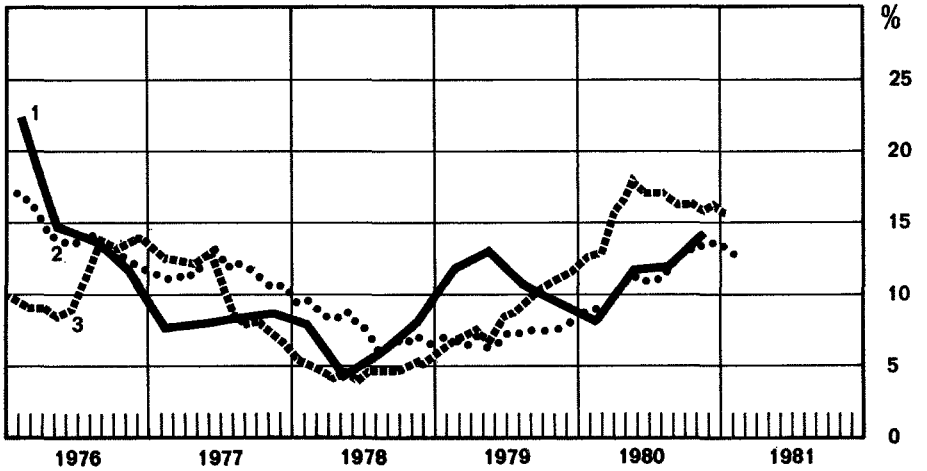
FOREIGN TRADE, 1976-81

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



PRICES AND WAGES, 1976-81

- 1. Index of wage and salary earnings 1975 = 100, quarterly figures
- 2. Consumer price index 1977 = 100, monthly figures
- 3. Wholesale price index 1949 = 100, monthly figures
- Percentage change over previous year



PRODUCTION, 1975-80

- 1. Total index of industrial production 1975 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1975 = 100, seasonally adjusted quarterly figures

