



BANK OF FINLAND

Monthly Bulletin

The budget proposal for 1982

Financial market trends and the current situation

Finland's balance of payments January—September 1981

Finland's gross long-term foreign debt in January—September 1981

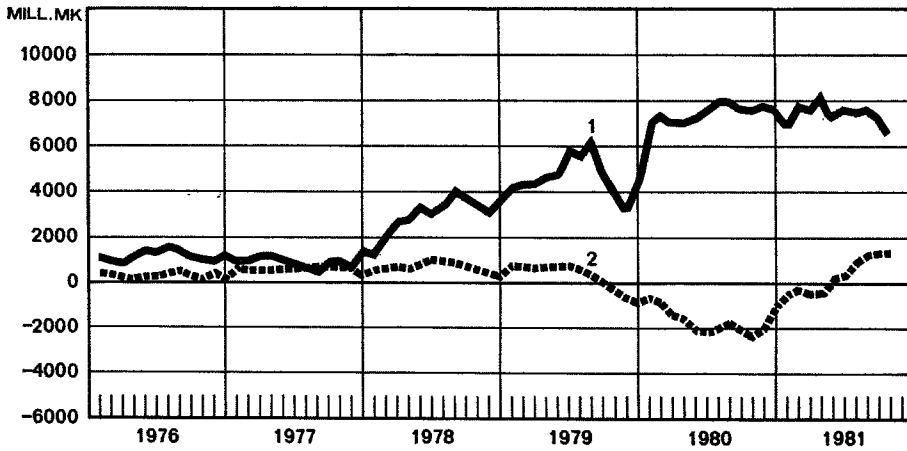
The Finnish economy up to 2010

Publication of the Bank of Finland

DECEMBER 1981

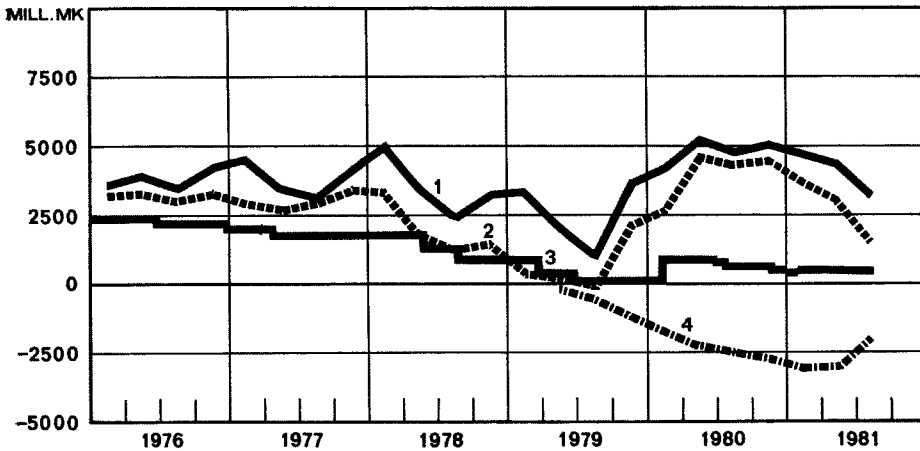
Vol. 55 No. 12

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



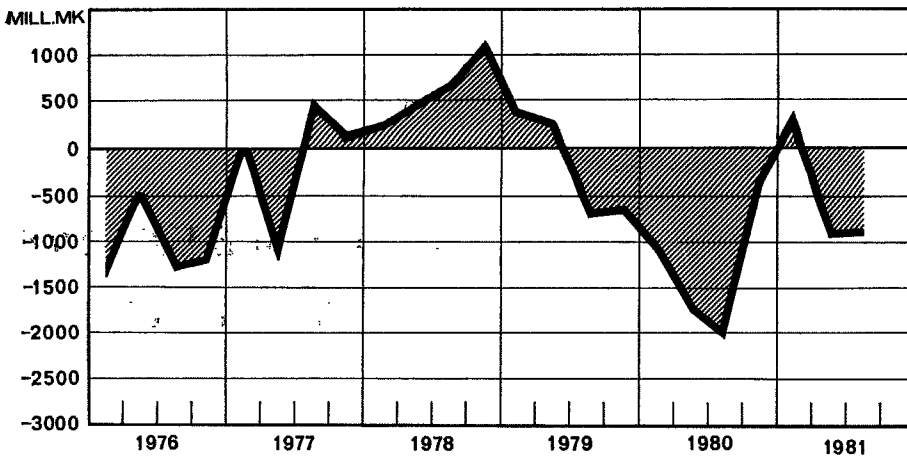
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THE BUDGET PROPOSAL FOR 1982

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

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Real GDP growth came to a halt at the end of 1980 and as a result unemployment has recently started to edge up. However, the average level of output in 1981 is expected to be somewhat higher than in the previous year. There has been a downward trend in Finnish exports to Western markets since early 1980, but until the autumn of this year it was largely offset by the brisk pace of deliveries to the Soviet Union. The prospects for exports are likely to remain rather gloomy in early 1982. The growth of domestic demand, especially that of fixed investment, has slackened and will remain stagnant until late 1982 when the effects of international recovery are expected to be felt in Finland. The inflationary pressures in the economy are easing slightly on account of the deceleration of the rise in foreign trade prices. In 1981, the current account is likely to be only marginally in deficit, which has not generally been the case in a period following a boom. Unemployment has risen during the last few months and this adverse development will continue in 1982.

To cope with the changing cyclical position, fiscal policy should assume a more reflationary stance, but there are certain factors limiting the room for manoeuvre in this respect. The principal objective of economic policy in 1981 has been to improve competitiveness by lowering inflation to below the average for the OECD area. So far this objective has not been achieved, although the rate of inflation is slowing down. Secondly, despite the upswing years of 1979—1980, the central government borrowing requirement has remained large. Thus, the central government debt has increased and the debt servicing costs have risen sharply. Although the budget proposal

for 1982 contains no marked expansionary measures, the deficit will increase because of the automatic impact of the recession on central government revenue.

The introduction to the Government's budget proposal for 1982 states that the general tone of cyclical policy should be reflationary and aimed at curbing the rise in unemployment. However, it is recognised that an expansionary policy would in the short run conflict with the objective of lowering inflation, which in the budget proposal is considered as important as the improvement of employment. The fiscal policy stance built into the budget proposal attempts to be compatible with both these objectives. Within the limits set by inflationary pressures and budget constraints, the government is prepared to consider additional expansionary measures should the recession prove longer than expected.

Budgeted state expenditure for 1982 totals 64 820 million marks, almost 16 per cent more than in the 1981 ordinary budget. The share of consumption expenditures accounts for about 27 per cent, transfers 55 per cent and investment about 11 per cent. Almost half — about 3 200 million marks — of investment expenditure consists of loans to the private sector and municipalities. The costs of servicing central government debt will increase by 28 per cent to reach 4 350 million marks. According to estimates put forward in the budget proposal, the central government borrowing requirement will be 6 550 million marks, equivalent to 11.2 per cent of budgeted revenue. Of this, 2 400 million marks is earmarked for redemptions of central government debt.

Despite the recent boom, unemployment has remained at a relatively high level compared with corresponding phases of the business cycle in earlier periods. In the coming year the emphasis of employment policies will be on selective measures for special groups of unemployed. Also, efforts to improve the regional and occupational balance between the demand for and supply of labour will be continued. The number of people affected by the special measures promoting employment is likely to increase by about a quarter to almost 88 000. The target of employment policy, as stated in the budget proposal, is to prevent any further increase in unemployment among young people and to ensure that aggregate unemployment does not exceed 5.5 per cent of the labour force. As an incentive to private investment activity, cyclical deposits amounting to 1 800 million marks — almost 8 per cent of fixed investment — collected from firms during the upswing are being released, mainly in early 1982. In addition, the temporary investment tax levied on certain building projects was abolished in the autumn.

In order to dampen inflationary pressures, personal tax scales on income and wealth will, as before, be adjusted for the estimated rise in consumer prices in the current year; that is, by 12 per cent. The alleviation of sales tax on investments in manufacturing industry has been extended by one year and a cut of almost one percentage point in employers' social insurance contributions has been proposed so as to reduce indirect labour costs.

The growth of investment expenditures in the budget proposal for 1982 is only 8 per cent by value, which implies a decrease in volume terms. Consumption and transfer expenditures are forecast to expand in nominal terms by 14 and 16 per cent, respectively. Areas receiving special emphasis in the budget pro-

posal include the further development of children's day care and the national health scheme. Expenditure on foreign aid is set to rise to the equivalent of 0.32 per cent of GDP. Similarly, outlays for research and development in industry are to be raised so as to maintain the country's real competitiveness. A key long-term objective of the government is the more efficient use of energy and the greater utilization of domestic energy. Allocations for this purpose are to be increased, as also are subsidies for regional development.

In volume terms, the cash outlays of the ordinary budget are estimated to be 2.5 per cent larger than this year's forecast cash expenditures. However, more than one percentage point of this is due to the fact that some health insurance benefits are to be raised considerably and brought under taxation. This also explains the rise of half a percentage point in the gross tax burden to 36.5 per cent of GDP; the net tax burden will remain unchanged at 23 per cent of GDP. It can be concluded that the expansionary effect of the budget proposal on demand will be only marginal.

The budget proposal for 1982 will mean a further rise in the level of central government indebtedness. The year-on-year growth of the budgeted gross borrowing requirement may even exceed the 1 000 million marks estimated in the budget proposal. Weakening cyclical developments have worsened the outlook for the central government deficit, which is very sensitive to changes in both central government revenue and outlays. The long-term central government debt is estimated to rise to about 10.5 per cent of GDP. However, the long-term claims of the central government will amount to more than 12 per cent of GDP and thus the state will continue to be a net lender.

November 20, 1981

	1980		1981			
	Nov. 28	Dec. 31	Nov. 6	Nov. 13	Nov. 23	Nov. 30
Assets						
Gold and foreign exchange receivables	8 050	8 024	8 393	8 604	8 664	8 613
Gold	1 073	1 073	1 075	1 075	1 075	1 075
Special drawing rights	557	397	635	635	635	635
IMF reserve tranche	215	380	380	380	380	380
Foreign bonds	2 082	2 125	1 617	1 698	1 494	1 498
Convertible currencies	3 964	3 841	3 066	3 087	3 229	3 093
Tied currencies	159	208	1 620	1 729	1 851	1 932
Other foreign receivables	1 045	1 540	1 632	1 632	1 632	1 632
Mark subscription to Finland's IMF quota	1 045	1 540	1 632	1 632	1 632	1 632
Receivables from financial institutions	5 585	5 350	4 894	5 526	4 493	5 282
Banks' cheque accounts	706	481	634	646	613	607
Call money market advances	3 861	3 674	2 936	3 551	2 401	3 218
Till-money credits	478	643	630	615	748	723
Bonds	507	527	652	671	687	689
Other financial institution receivables	33	25	42	43	44	45
Receivables from the public sector	1 185	1 225	1 221	1 229	1 197	1 196
Government promissory notes	512	512	354	354	354	354
Bonds	272	288	385	390	363	360
Total coinage	400	403	479	480	480	481
Other public sector receivables	1	22	3	5	0	1
Receivables from corporations	3 382	3 399	4 084	4 130	4 130	4 130
Financing of exports	1 528	1 502	1 727	1 762	1 751	1 733
Financing of domestic deliveries	1 518	1 561	2 063	2 071	2 085	2 096
Bonds	225	220	189	189	189	188
Other corporate receivables	111	116	105	108	105	113
Other assets	78	80	88	88	89	88
Total	19 325	19 618	20 312	21 209	20 205	20 941

Liabilities						
Foreign exchange liabilities	2 021	983	71	71	72	82
Convertible accounts	15	18	20	19	19	28
Tied accounts	2 006	965	51	52	53	54
Other foreign liabilities	1 931	2 430	2 602	2 602	2 602	2 602
IMF mark accounts	1 365	1 864	1 906	1 906	1 906	1 906
Allocations of special drawing rights	566	566	696	696	696	696
Notes and coins in circulation	4 614	4 954	5 116	5 090	5 085	5 201
Notes	4 247	4 572	4 694	4 667	4 660	4 774
Coins	367	382	422	423	425	427
Deposit certificates in circulation	2 600	1 900	1 150	1 550	1 550	1 550
Claims of financial institutions	3 304	3 739	4 069	4 596	3 516	4 137
Banks' cheque accounts	1	1	5	1	1	0
Call money market deposits	30	290	1 340	1 910	850	1 430
Cash reserve deposits	3 022	3 317	2 469	2 469	2 460	2 476
Capital import deposits	203	108	181	182	183	183
Other financial institution claims	48	23	74	34	22	48
Claims of the public sector	74	591	699	700	699	699
Cheque accounts	1	2	0	1	1	1
Counter-cyclical reserves	42	545	545	545	545	545
Counter-cyclical deposits	19	37	145	145	145	145
Other public sector claims	12	7	9	9	8	8
Claims of corporations	910	978	1 422	1 425	1 427	1 425
Deposits for investment and ship purchase	693	717	1 415	1 416	1 417	1 415
Capital import deposits	116	83	—	—	—	—
Export deposits	88	110	1	1	1	1
Other corporate claims	13	68	6	8	9	9
Other liabilities	14	13	17	17	16	15
Equalization accounts	1 718	1 767	2 679	2 665	2 735	2 696
Capital accounts	2 139	2 263	2 487	2 493	2 503	2 534
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400
Reserve fund	441	441	750	750	750	750
Net earnings	298	422	337	343	353	384
Total	19 325	19 618	20 312	21 209	20 205	20 941

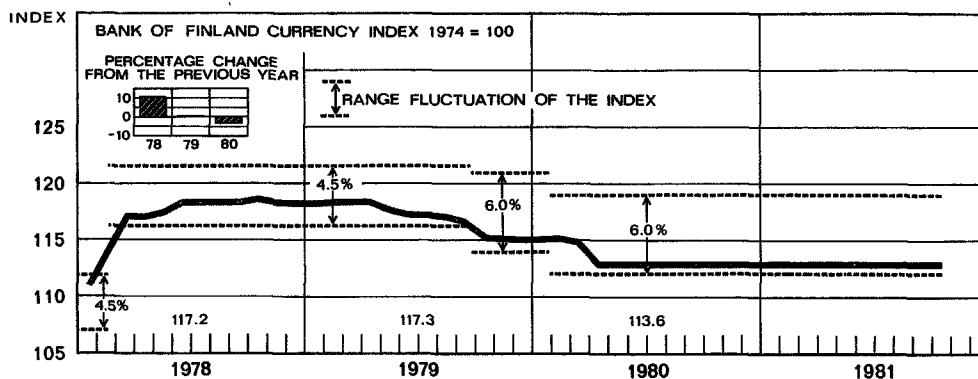
End of year or month	Foreign sector							Public sector			
	Gold SDR, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities	Net liabilities (9-8)	Deposit certificates in circulation
	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											
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
April	1 974	1 726	4 698	8 398	-349	-1 020	7 029	1 116	667	-449	1 300
May	1 974	1 708	3 777	7 459	315	-1 020	6 754	1 161	680	-481	300
June	1 974	1 422	4 331	7 727	437	-1 020	7 144	1 155	696	-459	700
July	2 150	1 400	4 109	7 659	1 166	-1 020	7 805	1 186	731	-455	600
Aug.	2 142	1 420	4 154	7 716	1 362	-1 020	8 058	1 209	747	-462	450
Sept.	2 129	1 582	3 687	7 398	1 435	-1 007	7 826	1 198	727	-471	450
Oct.	2 131	1 597	2 908	6 636	1 472	-1 007	7 101	1 213	698	-515	750
Nov.	2 090	1 498	3 065	6 653	1 878	-970	7 561	1 196	699	-497	1 550

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1980			Net holdings, Oct. 30, 1981			Change		
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Oct.	Jan.-Oct.	
Gold		1 073	—	1 073	1 075	—	1 075	+2	+2
Special drawing rights		397	—	397	676	—	676	—	+279
IMF reserve tranche		380	—	380	380	—	380	—	—
Foreign bonds		2 125	—	2 125	1 597	—	1 597	+15	-528
Convertible currencies		3 823	-7 194	-3 371	2 908	-7 151	-4 243	-696	-872
Total		7 798	-7 194	604	6 636	-7 151	-515	-679	-1 119
Tied currencies		-757	-67	-824	1 472	-90	1 382	+70	+2 206
Grand total		7 041	-7 261	-220	8 108	-7 241	867	-609	+1 087

End of year or month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Discounted and rediscounted bills	Cheque account receivables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net receivables (1+2+3-4-5-6)	Permanent special financing schemes	Liabilities, net	Net receivables (8-9)	
	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											
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
April	—	550	3 197	925	3 055	-1 141	908	3 290	782	2 508	5 033
May	—	576	2 717	1 340	2 783	-1 131	301	3 340	797	2 543	5 082
June	—	603	2 635	1 430	2 346	-1 303	765	3 441	1 167	2 274	5 212
July	—	610	1 876	1 240	2 396	-1 186	36	3 525	1 228	2 297	5 166
Aug.	—	610	1 916	1 770	2 429	-1 348	-325	3 517	1 263	2 254	5 089
Sept.	—	535	1 994	1 380	2 464	-1 155	-160	3 649	1 308	2 341	5 023
Oct.	—	561	2 443	780	2 469	-1 164	919	3 786	1 327	2 459	5 131
Nov.	—	607	3 218	1 430	2 476	-1 226	1 145	3 829	1 124	2 705	5 201



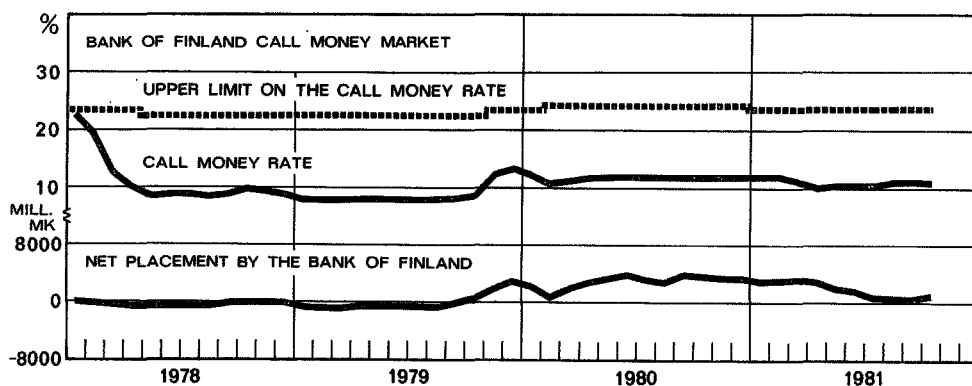
MONETARY POLICY INDICATORS

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										
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	9.84
March	5 039	4 026	600	3 458	3 022	3 429	9.25	11.72	12.89	9.85
April	5 838	3 974	600	3 259	2 829	3 377	9.25	10.57	10.26	9.85
May	3 950	2 848	600	2 918	2 523	2 249	9.25	11.00	11.20	9.86
June	3 658	2 634	600	2 569	2 228	2 036	9.25	11.00	10.96	9.85
July	3 513	1 760	600	2 346	2 052	1 161	9.25	11.00	10.73	9.85
Aug.	3 115	1 678	600	2 393	2 099	1 080	9.25	11.45	10.58	9.85
Sept.	3 265	1 558	600	2 428	2 126	959	9.25	11.50	11.05	9.81
Oct.	3 544	2 032	600	2 459	2 151	1 434	9.25	11.50	11.37	..
Nov.	3 533	2 092	600	2 465	2 157	1 494	9.25	11.50	..	..

See explanations on page 22.

¹ End of period.

² 1. 9.—31. 12. 1975.

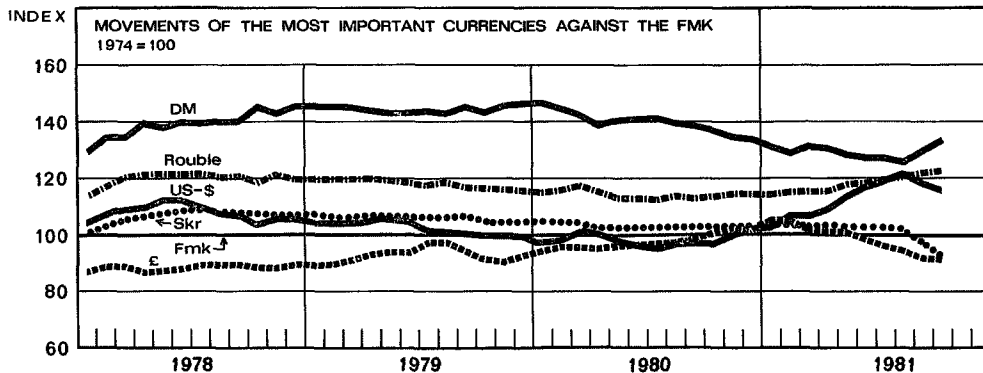


FOREIGN EXCHANGE RATES

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										
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
April	4.151	9.061	88.76	76.20	61.37	192.38	210.91	81.66	5.825	113.1
May	4.321	9.047	88.51	76.52	60.18	188.58	209.60	79.04	5.922	113.1
June	4.448	8.805	88.34	75.62	59.90	187.41	214.73	78.97	5.951	113.1
July	4.543	8.546	87.97	74.82	59.78	186.54	217.10	78.75	6.028	113.1
Aug.	4.629	8.445	87.59	75.24	59.23	185.36	213.77	77.77	6.078	113.1
Sept.	4.504	8.197	83.48	75.79	61.25	191.31	222.42	80.18	6.127	113.1
Oct.	4.424	8.173	80.19	75.19	61.61	196.84	234.86	79.05	6.165	113.1
Nov.	4.354	8.301	79.70	75.18	61.11	195.91	244.06	79.98	6.188	113.1



DEPOSITS BY THE PUBLIC

Mill. mk

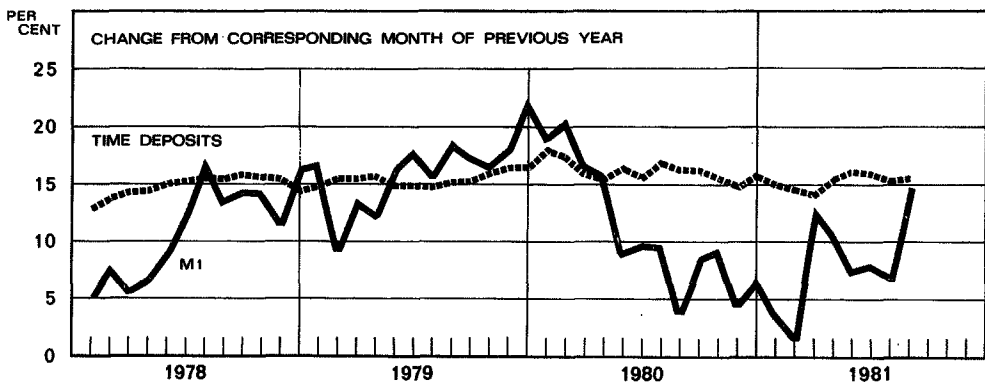
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commer- cial banks	Savings banks & Co-op. banks	Posti- pankki	All deposit banks	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9		10
1977	2 948	1 506	2 212	6 666	14 999	12 671	9 846	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
1980	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180

1980

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
Dec.	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180

1981

Jan.	4 519	2 183	3 011	9 713	22 516	20 394	16 164	6 440	65 514	75 227
Feb.	3 999	2 123	2 848	8 970	22 492	20 683	16 485	6 578	66 238	75 208
March	4 522	2 036	3 913	10 471	22 405	20 581	16 420	6 652	66 058	76 529
April	4 552	2 189	3 366	10 107	23 119	20 851	16 673	6 732	67 375	77 482
May	4 334	2 391	3 035	9 760	23 800	21 177	16 919	6 769	68 665	78 425
June	5 424	2 434	2 956	10 814	23 803	21 451	17 094	6 863	69 211	80 025
July	4 728	2 577	3 102	10 407	24 316	21 818	17 485	6 957	70 576	80 983
Aug.	5 076	2 716	3 194	10 986	24 554	22 012	17 596	7 053	71 215	82 201
Sept.	5 070	2 804	3 226	11 100	24 239	22 056	17 723	7 058	71 076	82 176



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

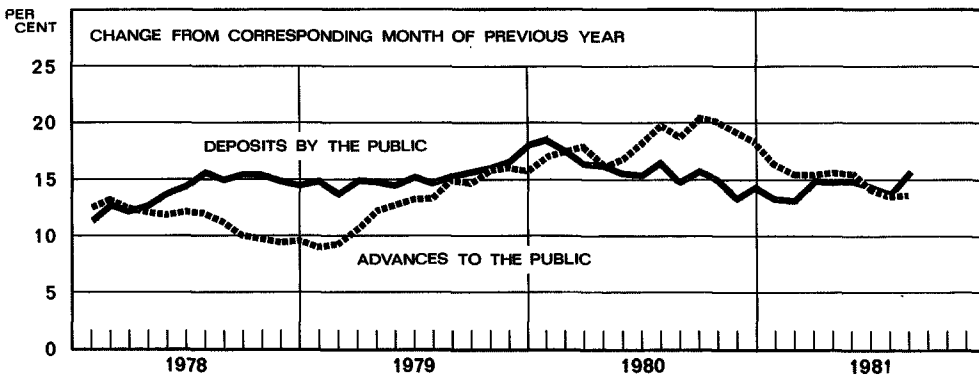
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ + Quasi-Money
	1	2	3	4	5	6	7		8	9	10
1977	24 679	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
1980	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	14 979	81 601

1980

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
Dec.	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	14 979	81 601

1981

Jan.	35 612	19 269	16 849	10 004	70 763	2 564	8 407	81 734	14 307	81 615
Feb.	36 102	19 462	17 015	9 978	71 487	2 865	8 205	82 557	13 649	81 707
March	36 904	19 617	17 211	9 977	72 291	2 884	8 534	83 709	15 093	82 994
April	37 444	19 751	17 421	10 120	73 015	2 884	8 837	84 736	14 852	84 105
May	38 034	20 004	17 704	10 149	73 769	2 912	9 210	85 891	14 634	86 186
June	38 541	20 278	18 039	10 502	74 629	3 044	9 687	87 360	15 763	87 304
July	38 494	20 570	18 358	10 876	75 599	2 940	9 759	88 298	15 465	88 405
Aug.	39 011	20 845	18 686	10 474	76 295	2 948	9 773	89 016	15 856	89 507
Sept.	39 325	21 199	19 079	10 773	77 556	3 128	9 692	90 376	..	..



STATE FINANCES

Mill. mk

Revenue	Jan.-Sept.		Expenditure	Jan.-Sept.	
	1980	1981		1980	1981
Income and wealth tax (net)	9 174	11 655	Wages, salaries, pensions etc.	5 887	6 808
Gross receipts	(25 856)	(30 366)	Repair and maintenance	793	906
Refunds & local authorities	(-16 682)	(-18 711)	Other consumption expenditure	3 264	3 842
Other taxes on income and wealth	233	206	Total consumption expenditure	9 944	11 556
Employers' child allowance payments	72	57	State aid to local authorities	7 420	8 647
Sales tax	8 586	10 027	State aid to industries	5 214	6 076
Customs duties and import charges and levies	1 026	1 045	of which: agric. price subsidies	(2 097)	(2 651)
Excise duties	6 384	7 414	Child allowances	1 037	1 232
Excise duty on alcoholic beverages	1 919	2 234	Share in national pensions and sickness insurance schemes	390	409
Excise duty on tobacco	824	889	Other transfer expenditure	4 223	5 103
Excise duty on liquid fuel	2 066	2 322	Total transfer expenditure	18 284	21 467
Other excise duties	1 575	1 969	Machinery and equipment	1 012	1 181
Tax on autom. and motor-cycles	1 073	1 210	Construction of buildings	541	545
Stamp duties	758	860	Land and waterway construction	1 357	1 443
Special diesel etc. vehicles tax	124	147	Total real investment	2 910	3 169
Other taxes and similar revenue	768	934	Interest on State debt	861	1 083
Total taxes	28 198	33 555	Net deficit of State enterprises	-211	17
Miscellaneous revenue	2 470	2 505	Other expenditure	5	23
Interest, dividends etc.	695	762	Total other expenditure	655	1 123
Redemptions of loans granted	497	633	Increase in inventories	96	-165
Total revenue	31 860	37 455	Lending	2 459	2 460
Foreign borrowing	1 672	1 916	Other financial investment	350	359
Domestic borrowing	2 494	1 769	Total expenditure	34 698	39 969
Total borrowing	4 166	3 685	Redemption of foreign loans	164	243
Deficit (+) or surplus (-)	-179	+290	Redemption of domestic loans	985	1 218
Total	35 847	41 430	Total redemptions	1 149	1 461
			Total	35 847	41 430

State debt	1978	1979	1980	1981		
	Dec.	Dec.	Dec.	July	Aug.	Sept.
Foreign debt	7 360	8 964	10 341	12 098	12 254	12 427
Loans	4 607	6 050	7 585	8 088	8 160	8 338
Compensatory obligations	1	—	—	—	—	—
Short-term credit	259	204	17	112	108	113
Cash debt (net)	-735	-596	-823	-844	-985	-1 214
Domestic debt	4 132	5 658	6 779	7 356	7 283	7 237
Total State debt	11 492	14 622	17 120	19 454	19 537	19 664
Total debt mill \$	2 859	3 915	4 422	4 282	4 221	4 366

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*	52 795	58 250	-5 455

1980*

Nov.	4 487	4 172	+ 315
Dec.	5 589	5 548	+ 41

1981*

Jan.	4 998	4 495	+503
Feb.	4 434	4 400	+34
March	5 041	4 617	+424
April	4 657	4 916	-259
May	5 538	5 907	-369
June	5 308	4 858	+450
July	4 245	4 412	-167
Aug.	4 776	5 941	-1 165
Sept.	5 097	5 270	-173

Jan.-Sept.

1980*	38 080	43 224	-5 144
1981*	44 094	44 816	-722

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	69
1977	129	88	119	124	96
1978	138	84	126	138	91
1979	151	99	142	159	89
1980*	165	112	158	186	85

1979

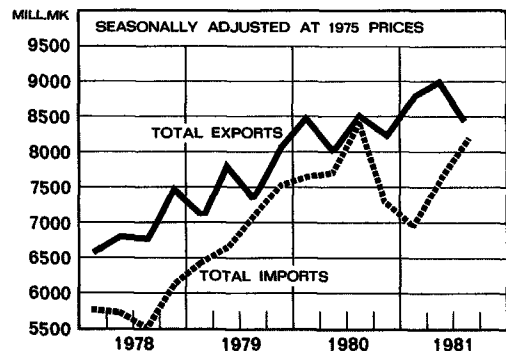
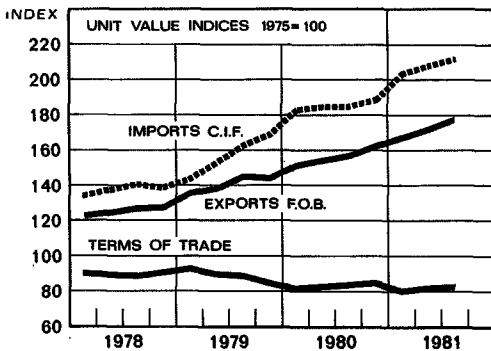
July-Sept.	138	100	147	164	90
Oct.-Dec.	171	113	146	170	86

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

1981*

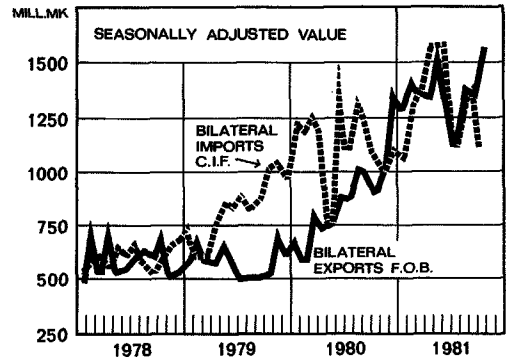
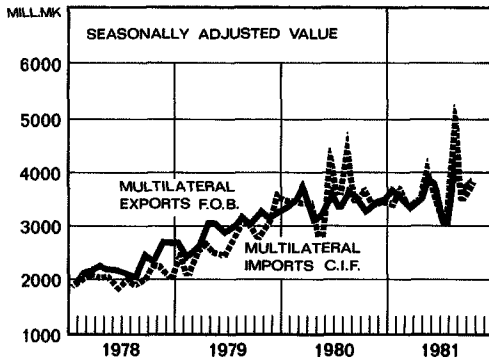
Jan.-March	169	94	169	205	82
Apr.-June	177	107	173	209	83
July-Sept.	156	105	179	213	84



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	11 546	16 353	38 622	4 088	7 989	7 440	111
1980*										
Nov.	59	627	1 324	1 099	1 378	2 680	284	650	556	2
Dec.	260	669	1 479	1 566	1 615	3 710	380	856	597	5
1981*										
Jan.	392	592	1 341	1 295	1 378	2 727	283	818	665	2
Feb.	104	526	1 324	1 045	1 435	2 828	238	619	701	14
March	299	557	1 387	1 069	1 729	2 933	209	799	669	7
April	72	570	1 502	1 050	1 463	3 126	271	750	767	2
May	318	644	1 376	1 678	1 522	4 209	344	682	668	4
June	89	717	1 362	1 371	1 769	2 993	621	665	565	14
July	86	504	1 453	1 164	1 038	2 640	588	614	537	33
Aug.	95	515	1 316	918	1 932	3 584	644	1 035	671	7
Sept.	103	536	1 560	1 028	1 870	3 447	560	590	669	4
Jan.-Sept.										
1980*	1 028	5 704	11 635	7 841	11 872	28 757	2 988	5 756	5 622	101
1981*	1 558	5 161	12 621	10 618	14 136	28 487	3 758	6 572	5 912	87



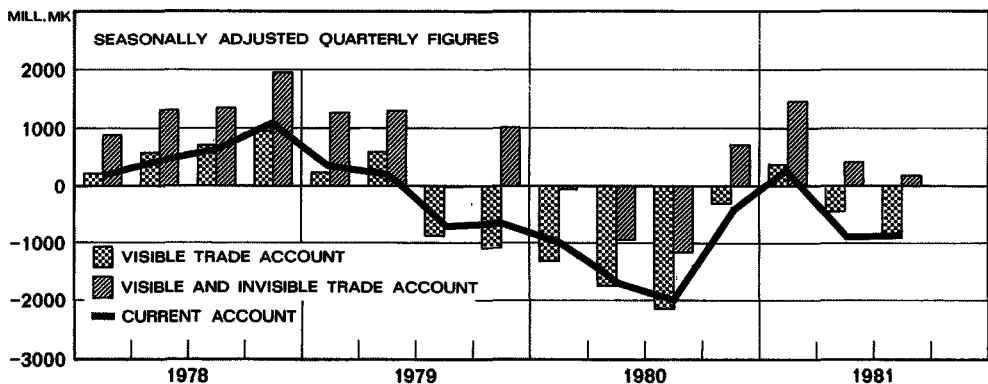
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f. o. b.				Imports, c. i. f.			
	January-September				January-September			
	1980*		1981*		1980*		1981*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	65.9	25 110	57.2	25 221	51.9	22 424	50.1	22 447
Austria	0.7	280	0.6	254	1.2	503	1.2	525
Belgium and Luxembourg	1.5	564	1.4	605	1.7	738	1.7	759
Denmark	3.7	1 396	3.2	1 409	2.4	1 023	2.2	995
France	4.7	1 802	4.0	1 761	3.1	1 336	3.2	1 441
Federal Republic of Germany	11.1	4 234	9.4	4 144	12.7	5 491	11.9	5 345
Italy	2.4	931	2.0	879	2.4	1 045	2.3	1 026
Netherlands	4.6	1 745	3.5	1 546	2.5	1 077	2.7	1 191
Norway	4.2	1 601	4.5	1 987	2.0	875	2.5	1 138
Portugal	0.4	136	0.3	117	0.5	229	0.5	219
Spain	0.9	332	0.8	338	0.8	358	0.5	237
Sweden	16.9	6 424	13.4	5 924	11.8	5 084	10.8	4 859
Switzerland	1.7	641	1.4	630	1.6	694	1.7	741
United Kingdom	11.7	4 462	11.0	4 841	8.7	3 756	8.3	3 700
Other	1.4	562	1.7	786	0.5	215	0.6	271
OECD countries outside Europe	5.4	2 061	5.9	2 607	9.8	4 222	12.1	5 443
Canada	0.5	193	0.6	283	0.8	338	0.6	285
Japan	0.7	279	0.8	331	3.2	1 395	3.7	1 677
United States	3.1	1 171	3.6	1 596	5.6	2 418	7.5	3 351
Other	1.1	418	0.9	397	0.2	71	0.3	130
CMEA countries	17.9	6 802	25.9	11 400	25.7	11 114	27.6	12 354
Czechoslovakia	0.3	110	0.3	102	0.5	232	0.6	279
German Democratic Republic	0.6	231	0.6	270	0.6	240	0.6	276
Poland	0.5	206	0.1	61	1.9	813	1.5	672
Soviet Union	15.5	5 895	24.2	10 650	21.7	9 398	23.8	10 671
Other	1.0	360	0.7	317	1.0	431	1.1	456
Latin America	1.9	714	2.2	987	2.8	1 227	2.0	905
Argentina	0.5	182	0.4	178	0.1	55	0.1	61
Brazil	0.4	162	0.3	135	0.8	335	0.6	284
Colombia	0.1	47	0.1	58	0.9	375	0.5	198
Other	0.9	323	1.4	616	1.0	462	0.8	362
Other	8.9	3 393	8.8	3 879	9.8	4 237	8.2	3 667
GRAND TOTAL	100.0	38 080	100.0	44 094	100.0	43 224	100.0	44 816
of which								
EFTA countries	24.0	9 151	20.3	8 968	17.2	7 443	16.8	7 547
EEC countries	40.4	15 387	35.8	15 772	33.7	14 554	32.7	14 677
OECD countries	71.3	27 171	63.1	27 828	61.7	26 672	62.2	27 890

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	Invest- ment income, net	Un- required 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	44 430	-1 128	+3 010	+157	+359	+2 398	-2 840	-430	+111	-761
1980*	52 860	58 315	-5 455	+3 029	+324	+605	-1 497	-3 308	-451	+70	-5 186
1978											
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	9 168	+515	+652	-112	+318	+1 373	-656	-204	+24	+537
Apr.-June	10 847	10 193	+654	+745	+13	-71	+1 341	-963	-91	+25	+312
July-Sept.	10 210	11 573	-1 363	+792	+251	+76	-244	-671	-51	+33	-933
Oct.-Dec.	12 562	13 496	-934	+821	+5	+36	-72	-550	-84	+29	-677
1980*											
Jan.-March	12 787	13 608	-821	+870	-102	+326	+273	-787	-168	+6	-676
Apr.-June	12 470	14 027	-1 557	+557	+81	+103	-816	-723	-99	+34	-1 604
July-Sept.	12 865	15 641	-2 776	+845	+299	+119	-1 513	-765	-101	+12	-2 367
Oct.-Dec.	14 738	15 039	-301	+757	+46	+57	+559	-1 033	-83	+18	-539
1981*											
Jan.-March	14 472	13 613	+859	+904	-79	+78	+1 762	-998	-109	-7	+648
Apr.-June	15 495	15 764	-269	+911	+85	-154	+573	-1 259	-105	+6	-785
July-Sept.	14 103	15 711	-1 608	+902	+461	+85	-160	-1 024	-90	+11	-1 263



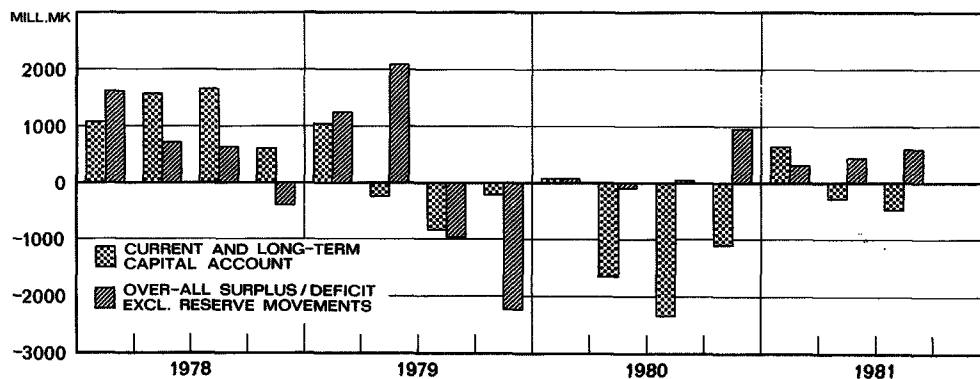
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Short-term capital of authorized banks, net ²	Miscellaneous, short-term capital items, incl. errors and omissions ²	Over-all surplus deficit excl. reserve movements ²	Bank of Finland foreign exchange reserves
+6 454	-2 745	-241	-401	+3 067	+2 487	-1 547	-470	-279	+25	+216	-216
+9 007	-5 743	-774	-225	+2 265	+4 871	+130	-2 188	-703	+479	+2 589	-2 589
+6 230	-4 843	-541	-337	+509	-252	+831	-834	+1 211	-834	+122	-122
+5 183	-4 140	-433	-428	+182	-5 004	+3 255	-967	+3 930	-219	+995	-995
+2 265	-1 089	-96	-38	+1 042	+1 649	+20	-692	-588	+252	+641	-641
+1 966	-2 067	-511	-119	-731	+601	+261	-692	-17	-549	-396	+396
+2 202	-1 626	-8	-46	+522	+1 059	-19	-63	+819	-564 ³	+1 232	-1 232
+1 267	-1 453	-218	-174	-578	-266	+39	-62	+1 966	+423	+2 100	-2 100
+1 258	-892	-336	+70	+100	-833	+422	-354	-1 100	+880	-985	+985
+1 503	-872	+21	-187	+465	-212	+389	-355	-474	-1 573	-2 225	+2 225
+2 108	-1 113	-171	-65	+759	+83	+302	-31	+518	-789 ³	+83	-83
+1 076	-997	-39	-86	-46	-1 650	+1 498	-32	+1 666	-1 577	-95	+95
+1 126	-913	-36	-146	+31	-2 336	+711	-452	+1 189	+942	+54	-54
+873	-1 117	-187	-131	-562	-1 101	+744	-452	+557	+1 205	+953	-953
+1 404	-955	-227	-232	-10	+638	-526	+789	+143	-735 ³	+309	-309
+1 948	-1 213	+11	-248	+498	-287	+788	+790	+70	-931	+430	-430
+1 932	-797	-154	-192	+789	-474	+67	+90	-608	+1 512	+587	-587

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

¹ Including Direct investment, net.

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

³ Including Allocations of Special drawing rights 139 million in 1979, 133 million in 1980 and 131 million in 1981.

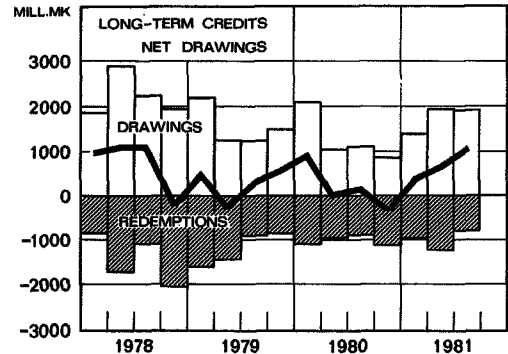
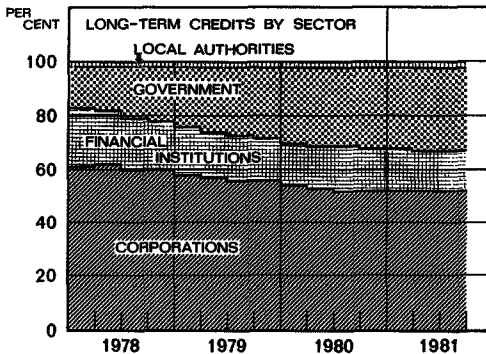


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

End of year and month	Long-term assets				Long-term liabilities				Total (5 to 8)	Net long-term liabilities (9-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other		
	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
1978										
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
1981*										
March	4 254	2 945	1 229	8 428	30 523	4 455	2 138	442	37 558	29 130
June	4 473	3 161	1 278	8 912	32 814	4 467	2 180	406	39 867	30 955

See explanations on page 22.

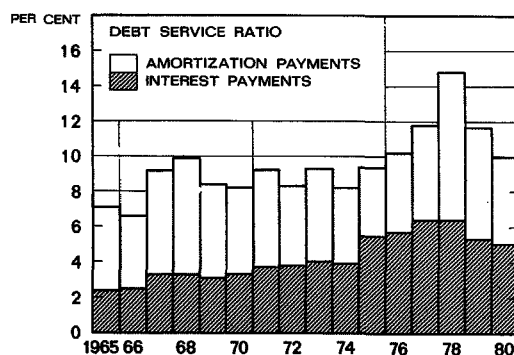
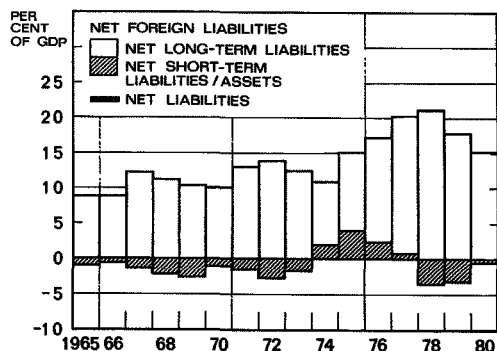


FINLAND'S FOREIGN ASSETS AND LIABILITIES

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
3 776	3 960	7 334	15 070	1 423	6 335	8 241	15 999	929	26 670	4 516	2 082
6 545	4 731	8 698	19 974	1 478	6 379	7 309	15 166	-4 808	24 852	6 623	3 769
7 918	6 579	9 970	24 467	2 340	9 333	7 816	19 489	-4 978	23 697	6 457	3 472
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	6 716	3 274
6 748	4 194	7 907	18 849	1 772	6 610	7 752	16 134	-2 715	27 074	1 494	673
7 003	4 509	8 247	19 759	1 483	6 264	7 419	15 166	-4 593	26 285	1 628	984
6 545	4 731	8 698	19 974	1 478	6 379	7 309	15 166	-4 808	24 852	2 109	1 333
7 804	4 187	8 845	20 836	1 611	6 692	7 332	15 635	-5 201	24 761	1 970	1 284
9 871	4 053	9 131	23 055	1 604	8 404	7 476	17 484	-5 571	23 216	2 085	1 082
8 601	4 205	9 508	22 314	1 579	7 620	7 808	17 007	-5 307	22 824	1 315	604
7 918	6 579	9 970	24 467	2 340	9 333	7 816	19 489	-4 978	23 697	1 087	502
8 708	6 936	10 224	25 868	3 113	10 179	7 865	21 157	-4 711	24 349	1 756	937
9 279	7 133	10 509	26 921	3 727	11 970	9 545	25 242	-1 679	26 943	1 518	730
9 250	7 478	11 469	28 197	3 605	13 539	10 567	27 711	-486	28 339	1 554	761
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	1 888	846
9 701	9 629	12 357	31 687	2 680	16 542	12 332	31 554	-133	28 997	1 749	732
10 125	10 853	12 299	33 277	2 437	18 080	14 037	34 554	1 277	32 232	2 170	897

See explanations on page 22.



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975 = 100						Building costs 1980 = 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			
1979	791	138.0	135.0	148.7	133.1	150.7	139.2			
1980	919	160.7	156.6	175.0	160.1	167.7	155.9	100.0	100.0	100.0

1981

Feb.	1 003	175.3	170.7	191.6	177.7	176.9	168.4	107.0	105.3	107.3
March	1 020	178.2	173.7	194.1	181.2	179.4	169.9	107.4	105.4	107.8
April	1 029	179.9	175.6	194.9	183.4	181.2	170.4	108.6	109.5	108.1
May	1 037	181.3	177.1	196.1	184.6	183.3	171.7	108.9	109.6	108.4
June	1 042	182.1	177.7	197.7	185.2	184.8	172.4	109.7	109.6	109.5
July	1 048	183.1	179.0	197.5	185.7	187.0	173.8	110.3	109.6	110.4
Aug.	1 057	184.7	180.5	199.5	187.5	187.9	175.3	110.4	109.6	110.6
Sept.	1 064	185.9	181.9	200.2	189.0	189.8	175.3	112.2	112.8	111.8
Oct.	1 070	187.0	183.6	199.0	189.4	191.7	177.5	113.0	112.8	112.9

[†] New series.

Consumer prices 1977 = 100

Period	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	129.4	122.8	140.9	131.9	122.4	141.1	127.4	137.6	136.4	123.4	132.6

1981

Feb.	138.8	129.3	155.5	143.2	132.8	159.4	134.5	145.3	144.9	130.0	145.8
March	140.6	133.6	157.3	142.8	134.1	163.2	135.2	145.3	146.0	130.4	147.7
April	142.4	136.4	157.4	145.1	134.1	168.1	137.0	145.4	147.4	134.5	149.6
May	144.4	137.1	157.4	146.2	142.1	168.0	137.2	148.3	148.5	135.7	150.1
June	145.3	138.4	157.8	146.4	142.1	168.3	137.4	150.3	149.7	137.1	151.0
July	145.7	140.1	157.9	144.4	142.1	168.6	137.9	152.5	150.2	137.0	151.7
Aug.	146.2	139.8	157.9	146.7	142.1	171.5	138.6	152.6	150.0	139.2	152.2
Sept.	148.1	144.7	158.0	149.5	142.1	172.6	139.9	152.6	152.3	139.7	153.0
Oct.	149.4	146.4	158.0	150.6	146.7	172.8	141.1	154.2	151.3	140.2	154.4

WAGES

Index of wage and salary earnings 1975 = 100

Period	By industries			By institutional sectors			All salary earners	All wage earners	All employees	
	Wage earners in			Employees in services	State employees	Municipal employees				Employees in private sector
	Agriculture	Industry	Construction							
1979*	161.6	151.6	132.8	149.5	145.6	142.6	150.8	148.6	149.3	148.9
1980*	179.3	170.5	146.3	165.8	160.5	156.6	169.7	165.7	167.5	166.6
1980*										
Apr.-June	178.1	172.0	144.8	165.8	160.9	157.0	170.0	165.6	168.3	166.9
July-Sept.	178.4	170.7	147.1	166.0	161.2	157.1	170.8	166.9	168.1	167.5
Oct.-Dec.	189.3	179.0	153.9	173.7	167.6	163.1	178.7	174.0	176.0	175.0
1981*										
Jan.-March	190.9	183.1	158.1	178.9	174.1	169.2	182.6	178.9	180.2	179.5
Apr.-June	199.3	193.4	160.4	184.6	179.5	173.8	191.0	185.4	188.5	186.9

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
1979										
Apr.-June	111	117	87	168	73	89	111	103	119	113
July-Sept.	106	105	161	70	97	86	113	103	120	109
Oct.-Dec.	119	126	77	148	119	90	127	111	122	115
1980*										
Jan.-March	112	126	73	145	79	87	110	96	124	112
Apr.-June	114	126	83	139	79	89	112	104	124	117
July-Sept.	115	116	187	89	111	86	123	106	125	113
Oct.-Dec.	124	135	80	152	121	86	131	114	127	119
1981*										
Jan.-March	113	128	71	139	79	85	112	96	127	115
Apr.-June	117	129	87	147	76	88	121	106	127	120

PRODUCTION

Index of industrial production 1975 = 100

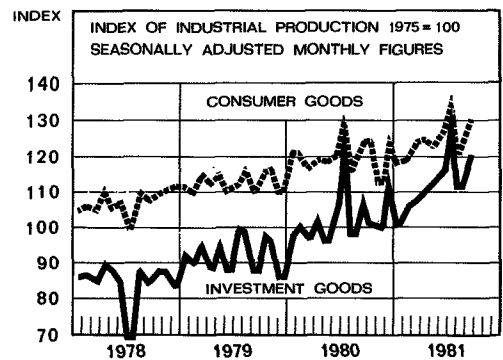
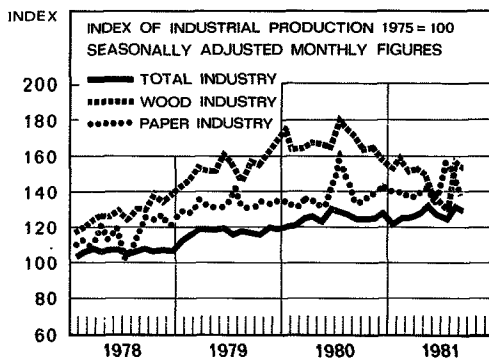
Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1977	101.8	93.6	100.9	104.4	96.3	199.0	104.6	101.0	94.7	98.7	103.1
1978	107.0	85.6	108.1	111.9	103.9	130.3	118.2	109.6	93.5	99.6	108.2
1979*	118.3	93.7	113.7	127.0	110.8	155.6	134.0	123.7	102.3	110.3	119.0
1980*	127.2	104.8	121.8	135.9	118.0	169.1	141.1	137.2	112.9	122.4	126.7

1980*

Sept.	135.3	117.8	128.6	143.3	125.1	186.3	143.3	143.8	130.4	137.2	125.8
Oct.	143.7	117.2	141.7	152.0	145.4	183.8	152.5	158.8	139.4	138.6	125.8
Nov.	133.1	115.6	128.1	140.3	127.3	160.6	147.2	142.4	119.4	133.3	126.3
Dec.	127.8	113.3	124.8	133.2	116.2	145.3	136.0	134.2	96.6	129.0	129.4

1981*

Jan.	130.3	106.8	126.2	138.6	107.0	146.5	150.3	151.0	104.4	124.3	123.2
Feb.	125.0	108.6	118.6	132.5	100.0	154.2	137.6	142.8	105.5	124.4	126.6
March	136.9	117.0	134.6	143.5	115.6	172.2	148.9	170.1	109.0	131.6	126.5
April	128.4	107.2	127.1	134.8	117.5	176.1	130.0	157.9	106.8	125.7	128.8
May	135.6	120.9	129.3	142.7	121.7	178.4	148.2	157.6	110.6	139.1	133.6
June	123.2	118.1	121.6	125.3	118.9	148.1	111.5	153.3	108.4	135.3	128.6
July	87.9	60.6	80.1	99.0	113.0	67.8	146.6	103.3	71.5	67.7	126.0
Aug.	129.5	112.5	125.9	135.9	118.0	138.2	156.6	156.8	102.2	123.7	132.5
Sept.	138.7	127.6	133.1	144.4	131.9	166.0	144.4	152.0	115.4	144.1	130.2



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	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*								
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	3 397	106	124
Feb.	3 622	2 300	2 174	126	5.5	3 839	103	130
March	3 622	2 295	2 167	128	5.6	4 305	108	144
April	3 623	2 272	2 158	114	5.0	4 564	118	140
May	3 624	2 333	2 215	118	5.1	3 588	121	147
June	3 623	2 542	2 415	127	5.0	2 184	125	141
July	3 625	2 556	2 422	134	5.2	1 600	..	..
Aug.	3 627	2 454	2 330	124	5.1	1 732	..	..
Sept.	3 639	2 363	2 245	118	5.0	2 793	..	..

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											
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
1980*	50.53	19.66	5.43	18.41	3.99	42.34	17.05	4.73	14.56	3.81	50.82
1980*											
Apr.-June	18.92	8.21	2.64	5.69	1.24	8.68	3.63	0.84	3.04	0.69	52.38
July-Sept.	11.97	4.69	1.01	4.49	0.91	10.77	3.47	1.37	4.05	1.11	54.62
Oct.-Dec.	11.09	3.38	0.74	5.10	1.29	13.49	5.80	1.65	4.37	1.15	50.82
1981*											
Jan.-March	7.17	2.85	0.90	2.47	0.49	7.91	3.50	0.54	2.81	0.80	45.82
Apr.-June	16.83	7.54	2.79	4.56	0.80	6.99	3.34	0.52	2.29	0.49	51.97

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 development credits + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds. 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: Investments goods weight 15.2, other producer goods weight 58.2, and consumer goods weight 26.6. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.7, manufacture of wood, and wood and cork products (SIC 331-2) 5.1, manufacture of paper and paper products (SIC 341) 12.3, manufacture of industrial chemicals (SIC 351-2) 5.3, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.9, and metal industry (SIC 37—38) 31.9.

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — CONSTRUCTION OF BUILDINGS

Page 21. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Forest Research Institute, *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Construction of buildings* figures calculated by the Central Statistical Office.

SYMBOLS USED: * Preliminary, r Revised, 0 Less than half the final digit shown, . Logically impossible, .. Not available, — Nil S affected by strike — Break in series,

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 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 1950, 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 (9.6%) area 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) 166 883, 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 (1980), in million marks: Gross domestic product at factor cost by industrial origin: agriculture 6 883 (4%), forestry and fishing 8 330 (5%), manufacturing 54 285 (33%), construction 12 102 (7%), trade, restaurants and hotels 19 169 (11%), transport and communication 13 557 (8%), banking and insurance 6 613 (4%), ownership of dwellings 11 048 (7%) other services 34 148 (21%), total 166 113. Index of real domestic product 118 (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 (1979). Cultivated land 2.3 million hectares. Number of holdings 229 356 of which 157 673 are of more than 5 ha. Measure of self-sufficiency in bread cereals 44%, 70% in 1980.

INDUSTRY (1980). Gross value of industrial production 170 869 mill. marks, number of workers 419 404, salaried employees 140 613, motive power (1979) 7.7 mill. kW. Index of industrial production 127 for 1980 (1975 = 100).

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

MERCHANT FLEET (Sept. 30, 1981): Passenger vessels 146 (263 604 gross reg. tons), tankers 44 (1 250 257 gross reg. tons), dry cargo vessels 190 (860 396 gross reg. tons), other vessels 97 (15 171 gross reg. tons), total 477 (2 409 428 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1980): Passenger cars 1 225 931 lorries and vans 149 151, buses 8 963, others 8 782, total 1 392 827.

FINNISH AIRLINES (Sept. 1, 1981): Finnair and Kar-Air have in use 3 DC-8, 1 DC-6-ST, 5 Super Caravelles, 9 DC-9 10/14/15, 3 DC-9-41, 12 DC-9-51, 3 DC-10-30, 2 Fokker F-27 and 1 Embrae Bandeirante. Companies have scheduled traffic outside of Finland to 39 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 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 22.4, Skr 16.2, £ 13.2, DM 12.6, \$ 10.3, other currencies 25.3. 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 ¼%. Other credit institutions: time deposits 5%; 6 month deposits 6 ¼%; 12 month deposits 7 ¾%; 24 month deposits 9% and sight deposits 2%. The highest lending rate 12 ½%.

FINANCIAL MARKET TRENDS AND THE CURRENT SITUATION

by Tapio Korhonen, M.Pol.Sc.

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The Finnish economy has often displayed a marked tendency towards external imbalance during the final phase of a boom when investment activity is at a high level and the growth of export earnings is decelerating. However, following the boom of 1979—80, the external balance has remained surprisingly good. The decline in exports to Finland's western markets has been largely offset by a rapid expansion in export deliveries to the Soviet Union. The current account deficit, which was equivalent to about 3 per cent of GDP in 1980, is likely to decline to less than half this amount in the current year.

The response of domestic demand, notably that of investment, to the weaker international cyclical prospects has been unexpectedly rapid. Private consumption has grown only modestly. The growth of total output, which was very vigorous throughout the preceding two years, came to a halt at the end of last year. It is not expected to pick up before the latter half of 1982. On a year-to-year basis, Finland's GDP will nevertheless grow somewhat this year.

The slackening of activity has already shown up this year in the weakening of employment, and the unemployment rate has exceeded 5 per cent. The 12-month rise in consumer prices has slowed down some two percentage points since the end of 1980 to 11.3 per cent in October of this year, i.e., to about the average level in western European countries.

In view of the weakening of economic activity and employment, monetary policy was eased in the spring by reducing the costs of central

bank finance. At the same time, some of the cash reserve deposits were released.¹ However, as the easing effect of automatic cyclical factors has been strong, liquidity in financial markets has increased to the extent that some precautionary measures curbing monetary ease were implemented in the autumn.

The increase in liquidity has been due not only to the low level of investment but also to the release of various kinds of cyclical deposits and to the central government deficit, which is largely being financed by foreign borrowing. At present, it would appear that these, mainly cyclical, phenomena also contain some structural and other longer-term elements. The government deficit — still modest by international standards — seems likely to persist for at least the next few years. The rate of investment during the first half of the 1980s is expected to remain below the average for the 1970s, in part because of the existence of ample unused capacity in sectors which have generally invested heavily, notably the energy sector.

These trends point to a reduction in the growth of indebtedness and to the improved liquidity of the general public over the next few years. Thus, financial markets would be more balanced, and there might be further tendencies towards reduced rationing. This notwithstanding, fundamental changes seem unlikely to occur.

In the following the current financial market situation is examined in a somewhat longer perspective than usual. To provide background,

¹ See article on monetary policy in the August 1981 issue of the Bulletin.

there will first be a review of the basic structural features and institutional developments of the Finnish financial markets during the postwar period.

BAŠIC FEATURES OF FINNISH FINANCIAL MARKETS

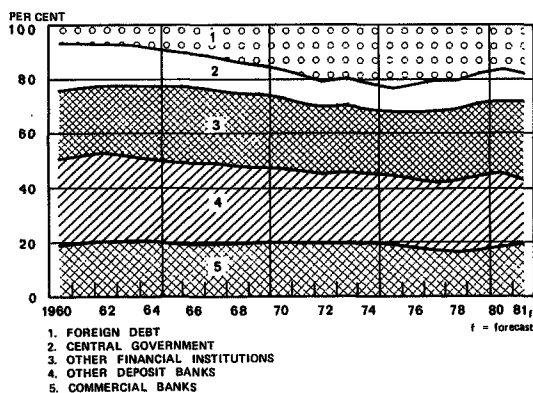
The institutions, methods of operation and the system of control of the Finnish financial markets have changed relatively little during the past few decades. Characteristic of the Finnish financial system has been the presence from time to time of excess demand for credit. The interest rate has played a minor role in equilibrating the credit markets, as the authorities have in practice set the general interest rate level and, to some extent, the structure of rates.

The institutional stability of the financial markets is illustrated by the fact that there have been no significant changes in market shares of the financial institutions in the past two decades (Chart 1). A number of special financial institutions have been established and a compulsory pension insurance system was introduced in the early 1960s. However, the management of the pensions scheme differs from that common in other countries in

that the funds accumulated have for the most part come to be administered by private insurance companies. As regards financial assets, the only experiments of any note have been index-linked deposits and bonds, the issue of which, was however, terminated in 1968. Throughout the period, the system of bank regulation has been based on the setting of conditions for borrowing from the central bank, although there have been frequent changes within the system itself.

Perhaps the most important change affecting the domestic financial markets has stemmed from the increased openness of the Finnish economy and the strengthening of international capital movements which has accompanied it. However, disturbances emanating from the balance of payments have not been as large as variations in the current account would seem to indicate, for the deficits have largely been financed directly by long-term foreign borrowing by firms. Monetary disturbances have been further tempered by the minor role played by the Finnish mark in international trade as well as by restrictions placed on long-term capital movements and on short-term foreign financial transactions. A problem of relatively recent origin has been the easing of the financial markets brought about by substantial government imports of capital.

CHART 1. COMPOSITION OF TOTAL CREDIT STOCK¹ BY CREDITOR, 1960—1981

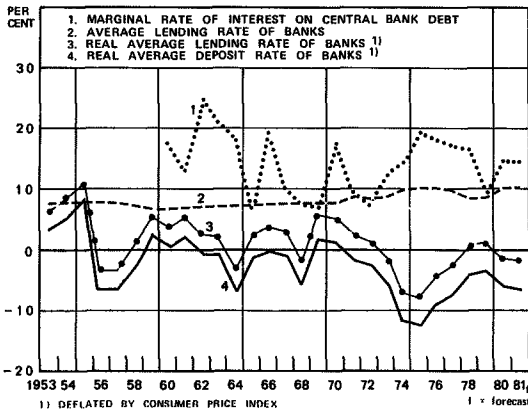


FALLING REAL RATE OF INTEREST

Probably the most important factor affecting the operation of the Finnish financial markets has been the policy of rigid and relatively low interest rates pursued throughout the period. The lowness of the interest rate undoubtedly reflects the growth-oriented thinking present in economic policies. The rigidity of the interest rate, on the other hand, primarily reflects the dominance of variable-rate claims in financial intermediation in Finland. The market for fixed-rate securities has remained modest. In these circumstances the effects of interest rate changes on costs and on income distribution

¹ The stock of debt issued by corporations, households and local authorities.

CHART 2. KEY INTEREST RATES, 1960—1981



have been considered to be greater than their immediate demand effects. As a result, there has rarely been much desire to raise interest rates during an economic upturn for fear of increased cost pressures.

With the acceleration of inflation over the past few decades, the real rate of interest has clearly declined, even if it has increased somewhat in nominal terms (Chart 2). The real lending rate of banks averaged 2 to 3 per cent in the 1950s and 1960s, but in the 1970s a negative rate of about the same order of magnitude was the rule. In the earlier period bank deposit holders occasionally received positive real interest — clearly so in the case of index-linked deposits — but during the past ten years the average rate on bank deposits has been consistently below the inflation rate. Only on longer term deposits, and, for instance, on government bonds, have investors been able to retain the real value of their assets for brief periods. On the other hand, the position of depositors in Finland has been supported by the exemption of households' deposits from taxes on interest and wealth.

TRANSMISSION MECHANISMS

A low real interest rate has naturally led to excess demand for credit, particularly during cyclical upswings, even though some of the

pressures have — with a lag — been diverted abroad. In addition to large variations in demand and supply, the credit markets have been characterized by a high degree of segmentation, i.e., the differential treatment of customers as regards the availability of credit.

As interest rates have not determined market equilibrium, the significance of quantitative rationing and various other terms of credit have been accentuated. Imperfect markets and competition for deposit customers have encouraged the development of strong customer ties. Financial intermediation has tended to assume some elements of barter over a longer time span. For example, obtaining credit first requires that deposits be made, or, in the case of insurance institutions, that policies be taken out. On the other hand, the customer has come to regard the acquisition of credit as a right. Also, the banks have generally been prepared to provide written pledges.

Given the heavy dependence of private investment activity in Finland on borrowed capital, various credit aggregates have been deemed important as implicit intermediate targets for monetary policy and the authorities have endeavoured to regulate overall demand by affecting these aggregates. However, only on a few occasions — most recently in 1969—70 — have explicit credit ceilings been set. The most important credit items for monetary policy have been bank credits and long-term foreign credits. The Bank of Finland grants permission for long-term foreign borrowing, while the regulation of bank credits has in the main been carried out indirectly. The coordination of the regulation of capital imports and domestic finance has been subject to special scrutiny, particularly since the mid-1970s.

By regulating the conditions for commercial banks' borrowing at the Central Bank, the Bank of Finland has been able to influence the profitability of expanding credit. As the Finnish banking system is highly concentrated and as market shares have at times been subject to pressure arising from, e.g., differences in the structure of customers among banks, the

curbing of credit expansion in an excess demand phase has required marginal rates that have clearly exceeded bank lending rates. As, too, the Bank of Finland has generally set limits on average bank lending rates, tightening of the conditions for central bank finance directly affects bank profit margins and forces banks to ration their lending. By contrast, in an excess supply situation a change in the costs of the banks' central bank finance does not affect the volume of credit to be advanced, it being determined solely by demand.

A major problem encountered when assessing the state of the financial markets in Finland and the monetary and real effects of financial variables has been that direct information on the amount of excess demand for and supply of credit has not been available. Owing to the segmentation of the markets there is also a need for data on, for instance, sectoral and regional developments. In analyzing the state of the financial markets it has been necessary to use various substitute indicators. Typically, the marginal costs of the central bank debt of the commercial banks have served as an overall indicator of financial market developments. The actual amounts of interest paid on central bank finance have also been examined.

Little use has been made in Finland of the usual monetary aggregates, components of the money stock generally serving as separate liquidity indicators for the different sectors. Both currency in circulation and demand deposits are quite small in Finland. Demand

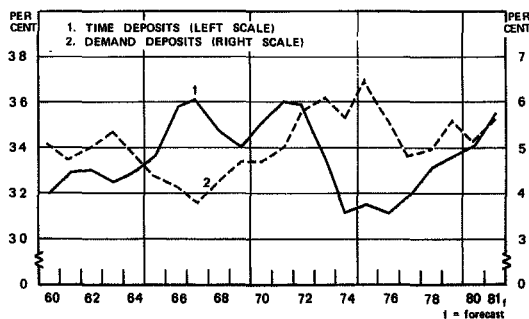
deposits are for the most part held by corporations. This item varies substantially, depending on corporate income developments, international capital movements and changes in special deposits. Generally speaking, corporations' access to credit has been viewed as a more reliable measure of their potential liquidity than their actual cash holdings. Time deposits consist primarily of household funds. No marked trend is observable in the various deposit aggregates in relation to GDP, i.e., the long-run velocity also seems to have been quite stable (Chart 3).

EFFICIENCY IN ALLOCATION OF FINANCE

It is doubtful that the mechanism of financial intermediation based largely on rationing applied in Finland has brought about the most efficient allocation of finance. However, studies show that the productivity of industrial investments in Finland has not been lower than average by international standards. As, in addition, the rate of investment has been high — even though partly due to large investments in infrastructure — it has been possible to maintain relatively rapid growth in the economy.

Investment activity has been mainly influenced by general economic policy and cyclical factors affecting profits, but it is nevertheless probable that both the level and the structure of investment can be partly explained by the differential treatment of customers in the financial markets. The financial institutions' policy of favouring growing companies and housing when advancing credit has contributed to the high rate of investment. At the same time the government sector has largely been neglected as far as lending by financial institutions is concerned. Although the supply of consumer credit has increased, financial intermediation has clearly favoured investing economic agents at the expense of consuming ones. This development has been supported further by the Bank of Finland through its credit policy guidelines and, especially in earlier years, through its recommendations concerning the differentiation of interest rates.

CHART 3. BANK DEPOSITS AS PERCENTAGES OF GDP, 1960—1981



SECTORAL DEVELOPMENTS

NON-MONETARY SECTORS

Of the main sectors of the Finnish economy, the household sector and the government sector have shown relative stability in their financial behaviour in recent decades (Chart 4). It is difficult to determine to what extent this stability is based on genuine preferences, or to what extent it is due to the fact that both these sectors generally operate under credit rationing in the domestic financial markets. The central government and the municipalities have been particularly affected by restrictions. Owing to the unwillingness of private financial institutions to advance credit, the lack of any obligations for them to do so and the independent status of the Bank of Finland, the government sector's scope for domestic financing has traditionally been narrow.

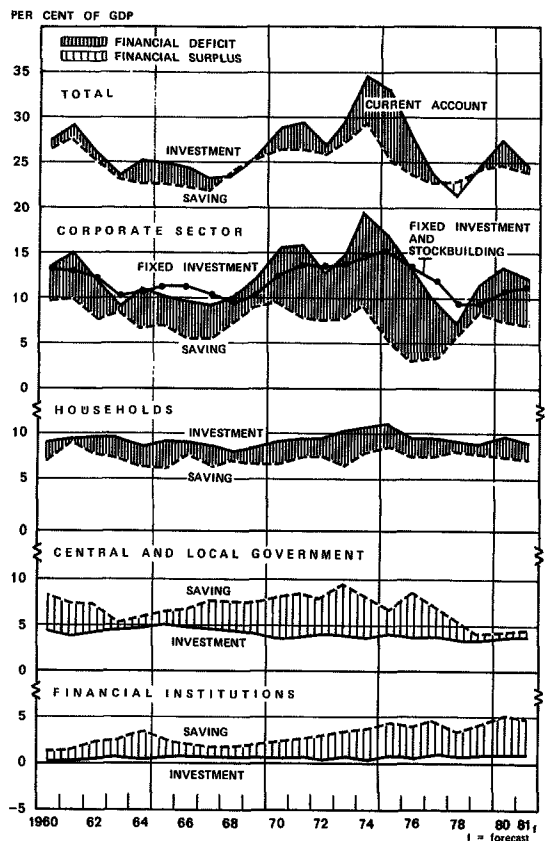
The risks of the possible unfavourable effects of credit rationing on the allocation of credits have been well known. In order to diminish the weight of traditional criteria in decisions to grant credit — for example, the existence of safe collateral and the length of the customer relationship — the financial institutions have taken steps to remedy the problems of allocation by subjecting all major investment projects to quite thorough project evaluation. Corporate analysis has been used particularly by the special financing institutions established since the war, although the largest banks also have extensive corporate analysis departments.

GROWING IMPORTANCE OF MARKET FORCES

With the aid of corporate analysis and similar techniques the allocative mechanism of the Finnish financial markets appears to have functioned fairly satisfactorily. Recently there have nonetheless been some signs of greater yield consciousness among economic agents and a growing tendency towards less »personal» markets operating more on the basis of interest yields.

A factor contributing significantly to this development has been the marked improvement at times of corporations' liquidity, prompting them to seek out profitable domestic financial investments for their cash funds; such outlets were, however, almost totally lacking earlier. The call money market, established in 1975, is open only to banks, but the call money rate — or since 1980 the marginal rate on central bank finance — has also been instrumental in encouraging the rapid development of the so-called »grey markets». In addition, the extensive use of foreign finance has forced firms to reassess not only the interest costs but also the exchange risks attached to claims denominated in foreign currency. This has led in the past few years to a marked expansion of the forward markets. The imminent arrival of foreign banks in the Finnish financial markets may also provide further impetus to the working of market forces.

CHART 4. GROSS SAVING, GROSS INVESTMENT AND FINANCIAL SURPLUSES/DEFICITS BY SECTOR IN 1960—1981



The corporate sector is the only major sector in Finland that has experienced large variations in its financial position. Industrial firms have generally been given priority in the domestic financial markets, in addition to which larger companies have been better able to switch over to the use of foreign credits. Thus, as there have been less credit limitations on firms, and as the domestic real rate of interest has been low, the varying income development of firms, tax considerations and substantial shifts in cyclical prospects have all contributed to large variations in corporate investment. This has been reflected in the financial deficit of the corporate sector, which has varied in relation to GDP from as much as 10 per cent (1975) to near zero (in 1963 and 1978). There may have been a slight downward trend in the corporate sector's share of total income and a corresponding upward trend in the relative financial deficit over the past two decades, but this development appears to be largely due to the exceptional circumstances of the mid-1970s.

In the current year the financial deficit of the corporate sector has been close to its average level. The relatively good financial position can be traced to an unexpectedly short investment phase at a time when income development in most of the sector has remained satisfactory. No great changes in the financial position are likely to occur during the next year or so, as both the share of profits in national income and the rate of investment are expected to decline. Income development in the next upturn as well as subsequent investment activity will depend primarily on the maintenance of external competitiveness.

The behaviour of the other domestic sectors is also likely to be fairly stable in the next few years. After more than a decade of high investment, the rate of household investment is falling and the saving ratio can be expected to follow suit.

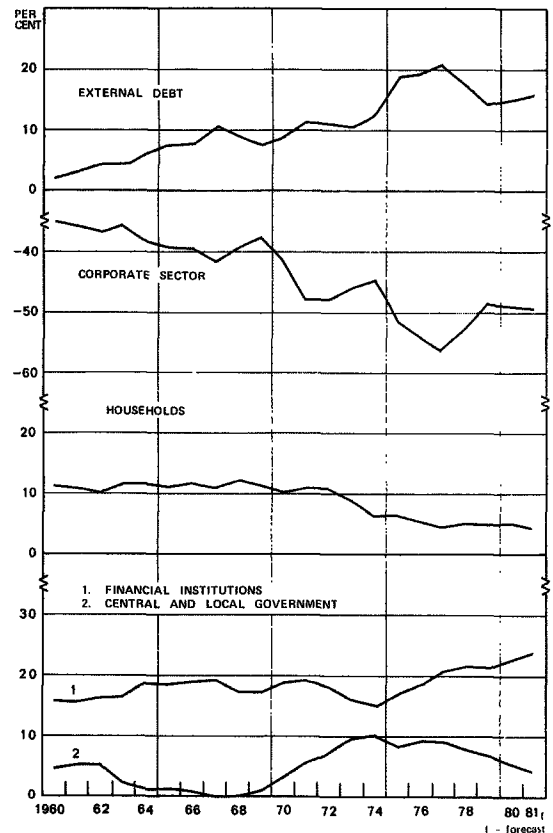
The central government ran into debt in the 1960s but repaid most of it in the early 1970s. The economic recovery policies which ensued

have weakened the state's financial position, but the government's net financing requirement still more or less matches its lending to the private sector. It can be assumed that, without new institutional arrangements, the government will have to restrict its net financing requirement to approximately the historical upper level of about two per cent of GDP. The financial surpluses and deficits of municipalities have always been small in Finland.

Saving by financial institutions consists mainly of the funds of the various compulsory pension insurance schemes. The growth of pension funds will slow down next year on account of a reduction in contributions implemented as part of the government's expansionary economic policy, but the accumulation of funds should resume its upward trend in a few years time.

Given the fairly stable outlook for the financial development of the domestic sectors in the

CHART 5. NET ASSETS BY SECTOR AS PERCENTAGES OF GDP, 1960-1981



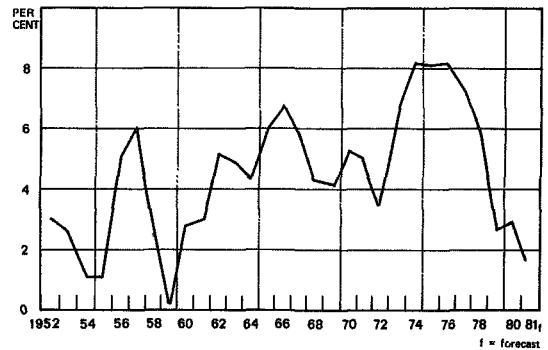
near future, there are unlikely to be any major problems for the current account. Deficits should remain relatively small for the next two or three years, probably being of a magnitude that leaves the ratio of Finland's net external debt to GDP virtually unchanged at its present level of 15 per cent (Chart 5).

In the same way that the current account deficits have been matched by the financial deficits of the corporate sector, so the relative growth of corporate debt has corresponded to changes in Finland's external indebtedness. The ratio of total foreign and domestic corporate debt to GDP had risen to more than 50 per cent by 1977, but companies have subsequently reduced their indebtedness. This development is closely related to the fall in Finland's foreign indebtedness during recent years. Despite sizeable financial deficits, the relative financial position of companies has improved, primarily because of high rates of inflation both at home and abroad. The rising trend of corporate indebtedness during the past few decades is attributable in part to the fact that financial institutions and the government sector have, with the exception of the mid-1960s and the past few years, increased their net assets. By contrast, the net assets of households have diminished.¹

FINANCIAL INSTITUTIONS

It was noted above that bank advances and deposits have exhibited fairly stable long-term growth trends. The rate of growth of bank advances has been slightly faster than that of deposits and the banks have covered the difference by borrowing from abroad and from the central bank. The net debt of the commercial banks to the central bank has amounted on average to 5 per cent of bank lending (Chart 6). With the upward trend in central bank finance, the debt rose to about 8

CHART 6. NET CENTRAL BANK DEBT OF THE COMMERCIAL BANKS AS A PERCENTAGE OF TOTAL BANK CREDITS, 1952—1981



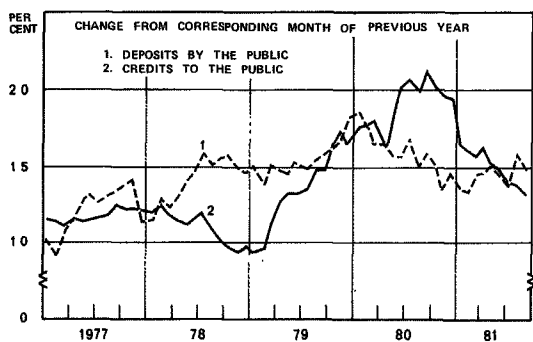
per cent in the mid-1970s. Subsequently, the net position of the commercial banks at the central bank has improved considerably.

In light of projections for the financial position of the non-monetary sectors, it seems probable that the gradual expansion in the excess of advances over deposits will give way to contraction in the coming years. This is true especially if we exclude the financing of trade credits from abroad by the banks. In these conditions the average level of net central bank debt may be lower and might occasionally disappear in the future.

Developments in 1981 have broadly followed this pattern. Admittedly, there has been some decline in the convertible reserves of the Bank of Finland, but the tied accounts relating to trade with socialist countries had improved by 2 200 million marks by the end of October. Owing to the continuation of the collection of various countercyclical deposits from firms until the autumn, there was only a small reduction in the net liabilities of the commercial banks to the bank of Finland up to the end of October. However, as about a third of the cash reserve deposits was released in the spring, the total central bank debt of the commercial banks had declined by 1 100 million marks over the same period. In November, 200 million marks of export deposits were released. In addition, about 1 500 million marks of special deposits are to be released to firms, mainly in 1982.

¹ It should be pointed out that the figures for net indebtedness by sectors may not be completely accurate and that changes in them are not conceptually identical with the above financial surpluses/deficits.

**CHART 7. DEPOSITS BY THE PUBLIC AND
ADVANCES TO THE PUBLIC, 1977—1981**



The growth of bank lending has clearly slowed down (Chart 7). At the end of September, the stock of bank advances was 13 per cent higher than 12 months earlier, whereas a year ago the growth rate had stood at 21 per cent. The lagged effects of the stringent monetary policy of 1980 have undoubtedly contributed to this development, but recently it appears to have been increasingly due to a decline in credit demand. As the growth of deposits has hardly fallen at all, the growth of lending fell below that of deposits in the autumn for first time since spring 1980. In September, deposits were 15 per cent higher than a year earlier. The growth of demand deposits has been modest on account of the special deposits that have been collected, but it nevertheless accelerated in the autumn and, because of, among other things, the release of special deposits, demand deposits can be expected to grow rapidly in the last months of the current year and in 1982.

CONCLUSIONS

A certain improvement in liquidity in the economy — even if largely due to cyclical factors — is likely in the near future and a period of ample liquidity could continue for some years. However, such conditions are not particularly exceptional over the longer term

and do not necessarily require any essential change in the basic instruments of monetary policy.

On the other hand, the quite good liquidity of the general public and the financial institutions serves as a basis for a further strengthening of the market mechanism both in the money and the capital markets. Development of this kind should lend support to the improvement in the productivity of investments in the longer run. In evaluating the effects of the change, one should nevertheless bear in mind that the Finnish financial markets have, over a period of several decades, experienced the formation of a market system in which some of the harmful effects of high inflation, differential tax treatment and rigid interest rates have consciously or unconsciously been neutralized. A sudden change in some basic element could obviously generate considerable pressures for altering the whole system. Should the interest rate factor gain more weight, efforts ought to be made to support some of the advantages of the traditional Finnish financial system, e.g., its favouring of investment, its comparative stability and its relative autonomy as regards developments in international financial markets.

However, the current pressures for change are only partly based on any lasting improvement in the equilibrium of the domestic financial markets. The liquidity generated by the deficit in state finances can not remain a permanent support for the financial balance of the general public. It appears that the Finnish economy is still very much growth-oriented, implying that there will continue to be a tendency towards disequilibrium in financial markets. Among other things, real lending rates close to zero and negative deposit rates should ensure that any financial ease will be temporary and that the rationing mechanisms remain essentially intact in the medium term.

ITEMS

Finland's balance of payments January—September 1981.

According to the Bank of Finland's preliminary figures, the current account showed a deficit of 1 400 million marks for January—September, as compared with a deficit of 4 647 million marks for the corresponding period of last year. The net inflow of long-term capital amounted to 1 277 million marks and that of short-term capital to 1 449 million marks. The foreign exchange reserves of the Bank of Finland grew by 1 326 million marks.

The visible trade account showed a deficit of 1 018 million marks for January—September, as compared with a deficit of 5 154 million marks for the same period of last year. The value of visible exports rose by 16 per cent and the volume by 3 per cent. The rise in the value of metal and engineering industry exports accounted for almost half of the increase in exports. Exports of the food industries nearly doubled. The volume of exports of forest industry products declined in all branches. The largest decline was recorded for wood industry exports, the volume of which was 17 per cent down on the corresponding period of last year. The value of imports rose by 4 per cent. As import prices were on average 12 per cent up on the previous year, the volume of imports declined by 8 per cent. The volume of imports of raw materials and producer goods (incl. crude oil) was 13 per cent down on the corresponding period of the previous year.

The invisible trade account registered a surplus of 3 193 million marks for January—September, or 100 million marks more than in the same period last year. The surplus on the transport account grew by 450 million marks and amounted to 2 717 million marks. The travel account showed a surplus of 467 million marks, being 200 million marks up on the corresponding period of 1980. Travel receipts

MAJOR BALANCE OF PAYMENTS ITEMS JANUARY—SEPTEMBER 1981, MILL. MK ¹

	Receipts	Expenditure	Net
Visible trade (exports f.o.b., imports c.i.f.)	44 094	44 816	— 722
Adjustment items	—24	272	— 296
Visible trade account	44 070	45 088	—1 018
Transport (c.i.f.)	4 138	1 421	2 717
Travel	2 465	1 998	467
Other services	2 324	2 315	9
Invisible trade account	8 927	5 734	3 193
VISIBLE AND INVISIBLE TRADE ACCOUNT			
	52 997	50 822	2 175
Investment income, net	1 906	5 187	—3 281
Unrequited transfers	299	603	— 304
Other	1 254	1 244	10
A. CURRENT ACCOUNT	56 456	57 856	—1 400
	Change in receivables	Change in liabilities	Net
Long-term financial loans and suppliers' credits: drawings	—1 150	5 284	4 134
redemptions	780	—2 965	—2 185
Direct investment	— 509	63	— 446
Other long-term capital	— 200	— 26	— 226
B. LONG-TERM CAPITAL ACCOUNT	—1 079	2 356	1 277
BASIC BALANCE (A+B)			— 123
Prepayments and liabilities related to imports			329
Prepayments and receivables related to exports			1 669
Short-term capital of authorized banks			— 395
Other short-term capital			153
Errors and omissions			— 438
C. SHORT-TERM CAPITAL ACCOUNT			1 318
D. Allocations of SDRs			131
OVERALL BALANCE (A+B+C+D)			1 326
Change in the foreign exchange reserves of the Bank of Finland			—1 326

Receivables: increase —, decrease +
Liabilities: increase +, decrease —

¹ Preliminary figures.

increased by 22 per cent and expenditure by 15 per cent. Receipts on the »other services» account fell by 350 million marks and totalled 2 324 million marks. The decline in the surplus on the »other services» account was mainly attributable to the fact that receipts from exports of construction projects tend to be concentrated in the last months of the year.

Because of a rise in interest rates, interest expenses on borrowing abroad increased by 1 700 million marks to 5 187 million marks. With interest earnings from foreign receivables growing by 700 million marks, the investment income deficit was 1 000 million marks up on the corresponding period of last year, amounting to 3 281 million marks. The unrequited transfers account showed a deficit of 304 million marks.

The net inflow of long-term capital amounted to 1 277 million marks, as against a net inflow of 744 million marks for January—September 1980. Drawings of long-term loans totalled 5 284 million marks, or 974 million marks more than in the same period of last year, with the central government accounting for a third of the drawings. Redemptions of long-term loans amounted to 2 965 million marks, or almost the same amount as in the corresponding period of 1980. Long-term export credits granted to foreign customers totalled 1 150 million marks, while redemptions of outstanding export credits amounted to 780 million

marks. Finnish direct investment abroad reached 509 million marks and foreign direct investment in Finland 63 million marks.

The short-term capital account (incl. errors and omissions in the balance of payments) showed a surplus of 1 318 million marks. The short-term import debt grew by 329 million marks. Prepayments and receivables related to exports declined, in net terms, by 1 669 million marks. The net short-term foreign debt of the authorized banks declined by 395 million marks.

The overall balance showed a surplus of 1 326 million marks for January—September. The convertible foreign exchange reserves of the Bank of Finland declined by 840 million marks in the nine months until the end of September, while receivables in tied currencies grew by 2 166 million marks. Allowing for the changes in exchange rates, the convertible foreign exchange reserves of the Bank of Finland amounted to 7 398 million marks and the tied foreign exchange reserves to 1 435 million marks at the end of September.

Finland's gross long-term foreign debt in January—September 1981. At the end of September 1981, Finland's gross long-term foreign debt amounted to the equivalent of 41 351 million marks. Drawings of long-term foreign capital totalled 5 563 million marks, and redemptions 3 123 million marks. The net inflow of long-term capital thus reached 2 440

FINLAND'S GROSS LONG-TERM FOREIGN DEBT BY TYPE OF CREDIT IN JANUARY—SEPTEMBER 1981, MILLION MARKS ¹

	Debt Dec. 31. 1980	Drawings	Redemp- tions	Net drawings	Impact of exchange rates	Debt Sept. 30, 1981
Financial loans	29 298	4 851	2 398	+2 453	+2 663	34 414
Individual financial loans	13 170	2 859	1 636	+1 223	+1 713	16 106
Bonds and debentures	16 128	1 992	762	+1 230	+ 950	18 308
Import credits	4 377	433	548	— 115	+ 115	4 377
Leasing credits	102	0	19	— 19	+ 13	96
LONG-TERM CREDITS	33 777	5 284	2 965	+2 319	+2 791	38 887
Direct investments	2 075	164	101	+ 63	+ 30	2 168
Subscriptions	238	115	57	+ 58	—	296
LONG-TERM GROSS DEBT	36 090	5 563	3 123	+2 440	+2 821	41 351

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.

million marks in January—September 1981, as against 1 339 million marks in the corresponding period last year.

In a breakdown of drawings by type of credit, financial loans accounted for 87 per cent, import and leasing credits for 8 per cent, direct investments for 3 per cent and subscriptions for 2 per cent.

Drawings by enterprises amounted to 2 836 million marks or 54 per cent of total drawings, while those by central and local government totalled 1 725 million marks or 32 per cent, and those by financial institutions accounted for 723 million marks or 14 per cent.

The Finnish economy up to 2010. The Finnish National Fund for Research and Development (SITRA), founded in 1967, has published a book depicting the outlook for the Finnish economy over the next thirty years.¹ The book has been written by experts in eight fields of the economy and by SITRA's commissioner. The sectoral surveys included in the book have also been published separately.

The economic fields dealt with in detail include the energy sector, forestry and forest industries, mining and the manufacture of metal products, food manufacturing, the textile and wearing apparel industries, housing and residential production, and health care. Also examined are the structure of the population, past trends in investment and developments in transport and communication.

To provide background for the examination of future prospects, there is a historical review of the development of the Finnish economy since the initial years of industrialization. The conclusions drawn are summed up in two detailed descriptions of the life of Finns in 2010.

In the first alternative, »At the former pace», world trade is assumed to expand further. Vital for Finland is the fact that equilibrium has

been restored in the world's energy supply and that the demand for forest industry products and their price level have remained stable. As a result, economic growth has been able to continue, although at a slower rate than before. In addition, automation has made the rationalization of work possible in various sectors of production.

Nevertheless, life in Finland has changed in many respects by the year 2010. New technology has left its mark on the various kinds of economic activity: manufacturing, trade, transport and communication, and construction. The importance of home and housing has been enhanced in the daily life of citizens. New electronics applications have changed the modes of living in many ways, as did television in an earlier age. It is possible to obtain services and information at one's home and even to practice certain professions there. Owing to the new negotiation and meeting facilities offered by communications systems, travelling has declined. The small, economical motor vehicles used in local transport are partly electrically operated. It is possible to devote an increasing proportion of consumption expenditure to dwellings, which are more spacious and better-equipped than those of today.

In agriculture, the continued rise in productivity has left its mark on the structure of society. As a result of migration from the remote regions, population centres in the countryside have grown. It is from these centres that the fields and forests of abandoned farms are tended in a centralized way using mechanical methods.

The increase in output and growth in consumption have been attained by using about 10 per cent less working time than is needed at present. Although unemployment has not disappeared, its nature and structure have altered. It is now concentrated more heavily among the large number of persons over 50 years of age than among the relatively small age groups of young, well-educated people. However, the problems caused by unemployment have been overcome by means of socially

¹ Published in Finnish. SITRA's series: B 65 ISBN 951-563-047-9 ISSN 0365-1989 and B 66 ISBN 951-563-048-7 ISSN 0365-1989, Helsinki 1981.

acceptable arrangements, so that exclusion from working life is not regarded as a misfortune reducing one's human value to the same extent as it is at present.

The other alternative is called the »uphill» case. It examines a situation in which economic growth has almost stagnated. Because of the continuing rise in the prices of raw materials and oil, in particular, industrial countries have come up against unsurmountable balance-of-payments difficulties, and international trade has begun to decline. Owing to a weakening in the demand for forest industry products, Finland's terms of trade have weakened. By using a growing amount of wood for the production of energy, Finland has been able to stabilize her balance of payments, but the volume of foreign trade has declined.

As the prospects for expanding material consumption have weakened, differences in living conditions are reflected in qualitative rather than quantitative changes. There is sufficient food and clothes and the desired level of housing has been virtually reached. However, the more self-sufficient economy requires large labour inputs. Attempts to shorten working time are being abandoned and the unemployment rate tends to stay at the level generally corresponding to structural changes.

Of the various kinds of economic activity, manufacturing is most seriously affected by the weakening in demand in Finland's traditional export markets. The highly specialized and technically advanced sectors are best able to maintain their position. The rise in agricultural productivity slows down, as this sector reduces its use of imported inputs. Farming land is utilized to the full, and its cultivation provides a living for almost the same number of citizens as at present.

It is hoped that by throwing light on the impact of different factors on economic development, these alternative views of the future will stimulate the reader to pay attention to signs indicating changes, so that he is better able to form his own ideas about the course of development.

Publication of the Bank of Finland. In series B, the following publication has appeared: 36, Sirkka Hämäläinen, Suomalaisten palkansaajatalouksien säästämiskäyttäytyminen, Poikkileikkausanalyysi säästämiseen vaikuttavista tekijöistä (The Savings Behaviour of Finnish Households, A cross-section analysis of factors affecting the rate of saving). Doctoral thesis, published in Finnish with an English summary. Helsinki 1981, 169 pp. ISBN 951-686-074-5, ISSN 0357-4776.

BANK OF FINLAND

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

Pentti Uusivirta Ele Alenius

Harri Holkeri Seppo Lindblom
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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

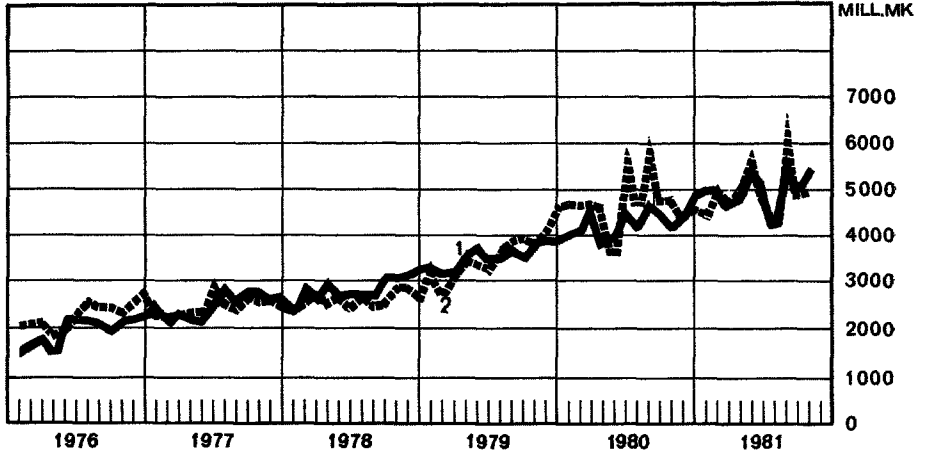
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Internal Audit International Legal Affairs

Erkki Vehkamäki Anton Mäkelä
Data Processing Personnel

Stig G Björklund Reijo Mäkinen
Payments Cash

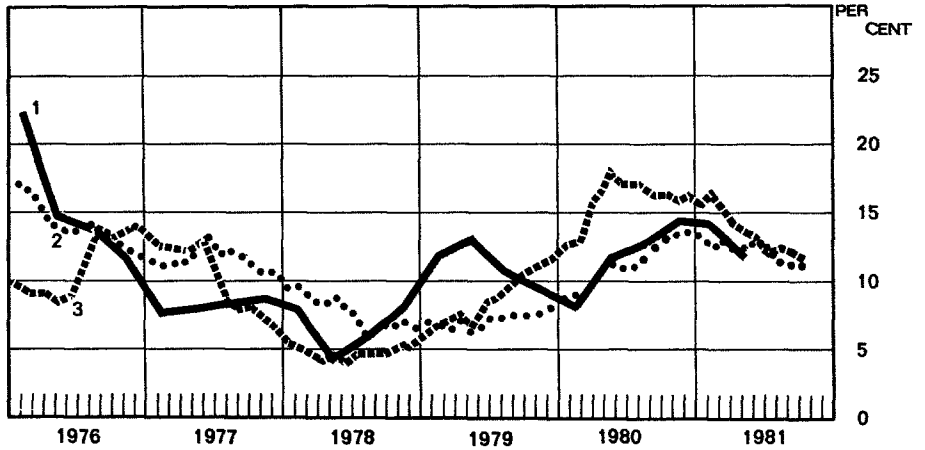
FOREIGN TRADE, 1976-81

- 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. Basic price index for domestic supply 1975 = 100, monthly figures
- Percentage change over previous year



PRODUCTION, 1976-81

- 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

