



# BANK OF FINLAND

*Monthly Bulletin*

**The Bank of Finland investment  
inquiries**

**Growth prospects for the Finnish  
economy to 1981**

Finland's balance of payments  
January-September 1976

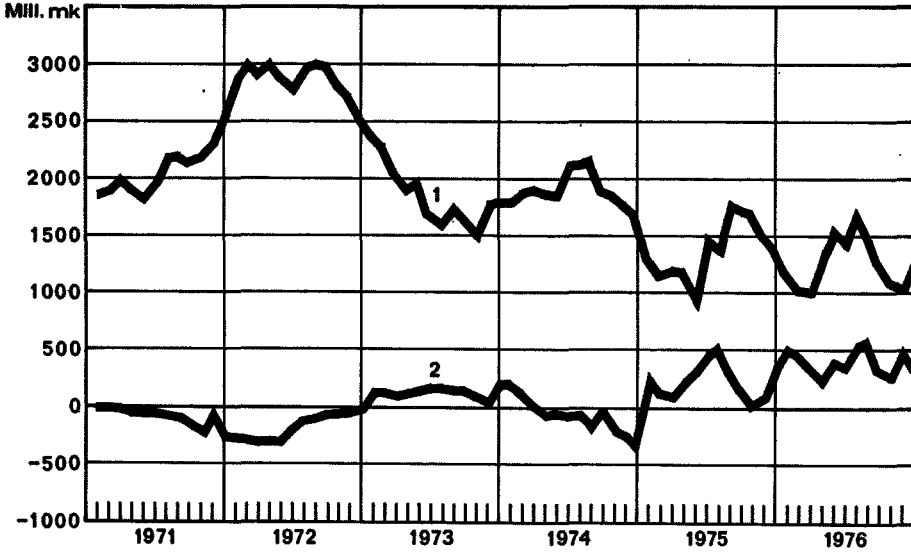
Aarre Simonen

Appointment of a Director at the Bank

**FEBRUARY 1977**

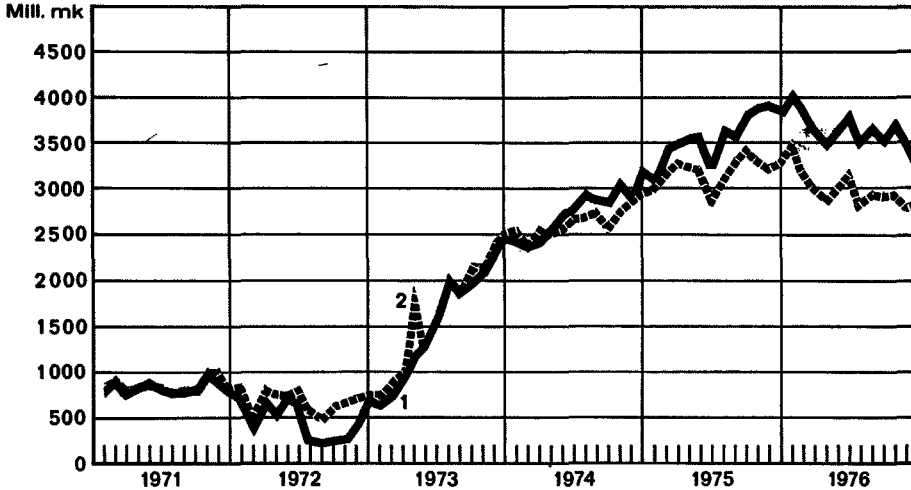
**Vol. 51 No. 2**

**BANK OF FINLAND'S CONVERTIBLE AND NON-CONVERTIBLE FOREIGN EXCHANGE RESERVES, 1971-1976**



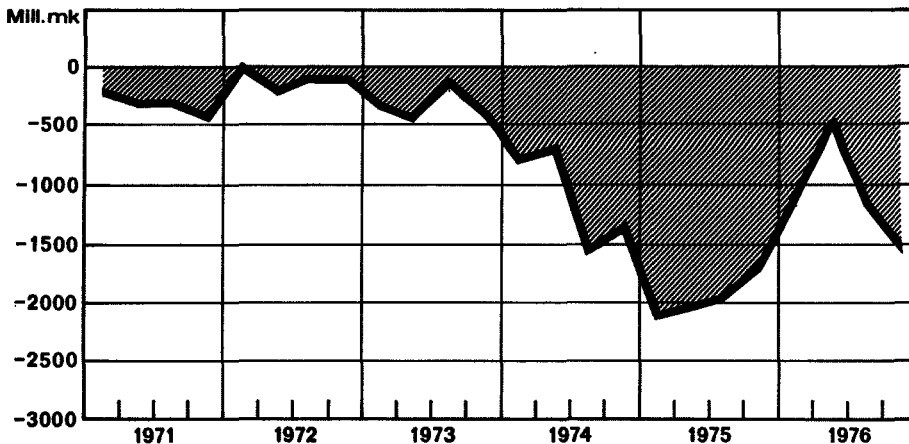
- 1. Gold and convertible currencies
- 2. Non-convertible currencies

**BANK OF FINLAND'S POSITION WITH REGARD TO THE DOMESTIC FINANCIAL SECTOR, 1971-1976**



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

**BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1971-1976**



Seasonally adjusted quarterly figures

# THE BANK OF FINLAND INVESTMENT INQUIRIES

## THE INQUIRY METHOD

Since 1962 the Bank of Finland has conducted twice-yearly inquiries into the volume of industrial fixed investment. The inquiries are designed to provide information which is used in the forecasting and policy formulation work of the Bank. The inquiry covers a sample of about 800 industrial enterprises, stratified by size and industry. All large enterprises (over 500 employees) are included in the sample; medium-sized and small enterprises are selected at random to fill up their own strata according to industry.

In the inquiries, the enterprises are asked for details of their actual investment during the previous year, their current investment plans and their anticipated rate of capacity utilization during the current year and the following one. Investment figures, measured in current prices, are to be submitted separately for building construction, for land and waterway construction, and for machinery and equipment.

The response to the inquiries — weighted by each enterprise's workforce — has generally been over 90 per cent. The data on actual investment can be considered to be very reliable. For reasons related to the inquiry and sampling techniques, the mark figures obtained through the inquiries do not exactly correspond with the figures in the Official Statistics; however, the actual annual changes have been fairly consistent with those indicated by the Official Statistics.

In the data which the investment inquiries give on industrial investment plans, there has generally appeared a degree of underestimation in direct proportion to the length of the period projected. The degree of underestimation — which is apparent in similar foreign investment inquiries as well — varies in line with cyclical and financial conditions. Underestimation may also be due to technical changes subsequently made in the investment plans, and to the firms' expectations of slower rates of price inflation.

For forecasting purposes, the degree of underestimation has been adjusted for by means of average adjustment coefficients calculated on the basis of previous inquiries and by using regression equations which take into account the cyclical and financial conditions. Changes in the values of investments have been deflated into volume figures by using the data for changes in investment prices suggested by the Bank's short term economic forecasts.

## THE RESULTS OF THE NOVEMBER 1976 INVESTMENT INQUIRY

### INVESTMENT IN 1976

According to the investment inquiry conducted by the Bank of Finland in November 1976, the volume of industrial investment declined in 1976 by 25 per cent from the record level of 1975. The result corresponds almost exactly with the results of the inquiry made six months earlier in May 1976.<sup>1</sup> In spite of the sharp decline in industrial investment, its share in total fixed investment remained fairly large, about 30 per cent. The slackening in industrial investment activity was due to the low capacity utilization rate, the fact that demand and profitability prospects remained poor throughout the year, and also to difficulties in obtaining external finance.

Of the various industrial branches, a particularly sharp decline in investment was experienced by the metal industry and by the forest industries, with investment in the paper industry declining the most. The volume of investment in the metal industry declined by 35 per cent and that in the forest industries by 33 per cent, as compared with the figures for the previous year (see the Table). The volume of investment in other branches of manufacturing declined by an average of 27 per cent, with the most noticeable decline being experienced by the chemical industries. The volume of total

<sup>1</sup> See Bulletins 10/1975, 4/1976 and 9/1976, Items.

**ANNUAL PERCENTAGE CHANGES IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1975 AND 1976, AND PLANNED CHANGES FOR 1977, ORIGINAL AND ADJUSTED<sup>1</sup> FIGURES**

**1. By type of industry**

	1975	1976	1977	
			Original	Adjusted <sup>1</sup>
Forest industries	23	-33	20	25
Metal industry	29	-35	-37	-35
Other manufacturing	-18	-27	-11	-10
Total manufacturing	9	-32	8	5
Electricity, gas and water	31	4	-12	-10

**2. By type of investment**

	1975	1976	1977	
			Original	Adjusted <sup>1</sup>
Building investment	10	-32	-12	-10
Purchases of machinery and equipment	12	-20	8	5
Total industry	12	-25	9	7

<sup>1</sup> The adjusted figures and the volume forecast presented in the text have been obtained by adjusting the original figures by means of investment realization functions estimated from the results of previous inquiries.

industrial investment was bolstered somewhat by investment in electricity, gas and water works, where the decline in the volume of investment was no more than four per cent.

In 1976 industrial investment activities were concentrated on the completion of investment projects started during the previous boom and on the replacement of old machinery. Accordingly, the volume of investment in new industrial buildings declined by as much as 32 per cent, while the decline in the volume of purchases of machinery and equipment was 20 per cent.

**INVESTMENT OUTLOOK FOR 1977**

According to the November inquiry, industrial investment activity in 1977 will be noticeably weaker than was suggested by the May inquiry. This is obviously due to the fact that the cyclical upswing has started more gradually than was anticipated and that the credit market is still very tight. The inquiry suggests — when adjustments have been made for the normal degree of underestimation in the replies — that

the volume of industrial investment will decline this year by about five per cent from the volume in 1976. This assumes that the cyclical picture improves and that the financing of investment projects can be arranged in keeping with the firms' expectations. According to the inquiry, investment in the forest industries will grow vigorously, whereas there will be a decline in other branches of manufacturing, particularly in the metal industry. Similarly, there will be a noticeable decline in the volume of investment in electricity, gas and water works, but their share in total industrial investment will still remain large.

During the current year, it seems that industrial investment activities will still be concentrated on purchases of machinery and equipment. The growth in the investment activities of the forest industries will be based purely on a substantial increase in purchases of machinery and equipment. Building investment will only grow in other branches of manufacturing: building plans in the food, drink and tobacco sector and in the chemical industries are clearly larger than last year's projects.

**THE RATE OF CAPACITY UTILIZATION**

According to the inquiry, the average rate of capacity utilization in industry in 1976 remained at the rather low level prevalent during the second half of 1975. An increase in the rate of capacity utilization during the first half of 1977 is expected by only a small number of the respondent firms; however, 47 per cent of the firms (weighted by workforce) estimated that their rate of capacity utilization would rise towards the end of the year. Considered by sector, the rate of capacity utilization is expected to rise in most of the forest industry firms during the first half of 1977, with the rise continuing into the second half of the year in 77 per cent of firms. On the other hand, the rate of capacity utilization in the metal industry is expected to decline throughout the year.

January 24, 1977

	1976		1977			
	Jan. 30	Dec. 31	Jan. 7	Jan. 14	Jan. 21	Jan. 31
<b>Assets</b>						
Gold and foreign exchange receivables	1 876	1 801	1 769	1 679	1 808	1 869
Gold	121	121	121	127	127	127
Special drawing rights	278	236	236	236	236	236
Convertible currencies	878	1 004	936	815	754	711
Tied currencies	599	440	476	501	691	795
Other foreign receivables	1 373	1 660	1 654	1 656	1 654	1 636
Foreign bills	253	436	424	418	416	399
Foreign bonds	322	397	403	411	411	410
Currency subscription to Finland's quota in the IMF	798	827	827	827	827	827
Receivables from financial institutions	3 775	4 674	4 862	4 769	5 370	4 943
Cheque accounts of the commercial banks	147	174	173	177	165	119
Discounted bills	3 085	2 920	2 812	2 792	2 695	2 729
Bonds	380	332	397	439	447	370
Call money market advances	—	1 204	1 453	1 327	2 016	1 682
Other financial institution receivables	163	44	27	34	47	43
Receivables from the public sector	335	447	440	441	439	440
Bonds	69	67	67	67	67	68
Total coinage	259	279	279	280	280	280
Other public sector receivables	7	101	94	94	92	92
Receivables from corporations	973	1 400	1 336	1 270	1 284	1 308
New export bills	125	165	168	169	170	168
Financing of suppliers' credits	418	554	553	554	553	553
Bonds	221	198	198	198	199	199
Other corporate receivables	209	483	417	349	362	388
Other assets	47	53	53	52	52	53
<b>Total</b>	<b>8 379</b>	<b>10 035</b>	<b>10 114</b>	<b>9 867</b>	<b>10 607</b>	<b>10 249</b>
<b>Liabilities</b>						
Foreign exchange liabilities	152	101	108	102	98	80
Convertible accounts	86	50	55	49	49	53
Tied accounts	66	51	53	53	49	27
Other foreign liabilities	1 385	1 923	1 923	1 923	1 923	1 923
IMF mark accounts	1 127	1 665	1 665	1 665	1 665	1 665
Allocations of special drawing rights	258	258	258	258	258	258
Notes and coins in circulation	2 614	2 885	2 800	2 813	2 754	2 758
Notes	2 384	2 635	2 552	2 567	2 509	2 513
Coins	230	250	248	246	245	245
Deposit certificates in circulation	160	—	—	—	—	—
Claims of financial institutions	7	1 143	1 308	1 119	1 973	1 675
Cheque account of Postipankki	3	2	2	1	11	0
Cheque accounts of the commercial banks	2	2	1	1	1	2
Call money market deposits	—	1 137	1 302	1 114	1 959	1 668
Other financial institution claims	2	2	3	3	2	5
Claims of the public sector	1 318	1 133	1 118	1 040	1 008	979
Cheque accounts	6	2	3	0	11	1
Counter-cyclical reserves	55	59	38	38	38	38
Import deposits	1 248	973	978	902	859	847
Other public sector claims	9	99	99	100	100	93
Claims of corporations	540	308	302	303	280	244
Investment deposits	67	58	58	58	58	53
Capital import deposits	460	242	238	240	213	187
Import levy deposits	8	6	4	3	3	3
Other corporate claims	5	2	2	2	6	1
Other liabilities	13	13	16	14	13	13
Equalization accounts	345	592	599	609	612	629
Capital accounts	1 845	1 937	1 940	1 944	1 946	1 948
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400
Reserve fund	334	334	436	436	436	436
Undisposed profits	97	—	102	102	102	102
Net earnings	14	203	2	6	8	10
<b>Total</b>	<b>8 379</b>	<b>10 035</b>	<b>10 114</b>	<b>9 867</b>	<b>10 607</b>	<b>10 249</b>

End of year and month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold and convertible exchange receivables	Convertible exchange liabilities	Gold and convertible exchange reserve (1-2)	Non-convertible exchange reserve	Other receivables	Other liabilities	Net receivables (3+4+5-6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	
1969	1 266	11	1 255	— 80	517	360	1 332	102	200	98	—
1970	1 812	11	1 801	— 63	639	606	1 771	119	121	2	203
1971	2 620	30	2 590	—297	686	704	2 275	148	140	— 8	400
1972	2 613	43	2 570	— 6	757	788	2 533	175	49	—126	790
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	—388	1 123	788	1 669	302	560	258	1 040
1975	1 488	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250
1976	1 361	50	1 311	389	1 660	1 923	1 437	447	1 133	686	—

## 1976

Jan.	1 277	86	1 191	533	1 373	1 385	1 712	335	1 318	983	160
Feb.	1 113	82	1 031	482	1 390	1 385	1 518	334	1 380	1 046	—
March	1 184	157	1 027	378	1 442	1 413	1 434	338	1 465	1 127	—
April	1 393	47	1 346	281	1 449	1 413	1 663	341	1 390	1 049	—
May	1 627	46	1 581	434	1 465	1 922	1 558	352	1 360	1 008	—
June	1 546	48	1 498	392	1 456	1 923	1 423	350	1 320	970	—
July	1 800	62	1 738	507	1 483	1 923	1 805	361	1 227	866	—
Aug.	1 670	123	1 547	620	1 503	1 923	1 747	388	1 263	875	—
Sept.	1 414	142	1 272	355	1 533	1 923	1 237	415	1 188	773	—
Oct.	1 257	134	1 123	304	1 560	1 923	1 064	421	1 130	709	—
Nov.	1 197	123	1 074	529	1 595	1 923	1 275	432	1 215	783	—
Dec.	1 361	50	1 311	389	1 660	1 923	1 437	447	1 133	686	—

## 1977

Jan.	1 074	53	1 021	768	1 636	1 923	1 502	440	979	539	—
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<sup>1</sup> The balance sheet of the Bank of Finland was revised in Dec. 1974.  
See explanations on page 18

## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1975			Net holdings, Nov. 30, 1976			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Nov.	Jan.-Nov.
	Gold	121	—	121	121	—	121	—
Special drawing rights	278	—	278	251	—	251	—	— 27
IMF gold tranche	—	—	—	—	—	—	—	—
Convertible currencies	1 011	—1 759	—748	702	—1 607	—905	—342	—157
Total	1 410	—1 759	—349	1 074	—1 607	—533	—342	—184
Non-convertible currencies	368	—1	367	529	— 15	514	+227	+147

End of year and month	Domestic financial sector							Corporate sector			Notes and coins in circulation
	Dis-counted and re-dis-counted bills	Cheque account receiv-ables <sup>2</sup>	Other receiv-ables	Cheque account liabilities to the commer-cial banks <sup>3</sup>	Cheque account liabilities to Posti-pankki <sup>3</sup>	Other liabili-ties	Net receiv-ables (1+2+3-4-5-6)	Receiv-ables	Liabili-ties	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1969	550	87	—	93	12	—	532	461	25	436	1 394
1970	836	3	—	1	4	—	834	383	324	59	1 455
1971	849	—	—	9	2	—	838	355	385	— 30	1 413
1972	753	5	—	—	2	—	756	321	73	248	1 879
1973	2 556	61	—	—	2	—	2 615	372	259	113	2 082
1974	3 034	114	266	4	4	1	3 405	631	195	436	2 462
1975	3 385	133	646	3	1	25	4 135	933	539	394	2 855
1976	2 920	174	1 580	2	2	1 139	3 531	1 400	308	1 092	2 885
1976											
Jan.	3 085	147	543	2	3	2	3 768	973	540	433	2 614
Feb.	3 035	196	1 408	5	0	709	3 925	1 031	548	483	2 677
March	3 035	202	1 421	1	1	843	3 813	1 098	427	671	2 544
April	3 053	193	1 098	1	0	683	3 660	1 126	523	603	2 676
May	3 235	176	1 004	2	0	551	3 862	1 175	488	687	2 775
June	3 358	196	1 111	1	0	685	3 979	1 215	413	802	2 969
July	2 775	164	1 189	3	0	793	3 332	1 284	374	910	2 895
Aug.	2 749	169	926	3	0	531	3 310	1 297	301	996	2 858
Sept.	3 031	185	1 153	2	0	783	3 584	1 342	189	1 153	2 840
Oct.	3 148	164	1 566	3	0	1 005	3 870	1 356	297	1 059	2 882
Nov.	3 036	178	1 401	5	1	785	3 824	1 315	352	963	2 839
Dec.	2 920	174	1 580	2	2	1 139	3 531	1 400	308	1 092	2 885
1977											
Jan.	2 729	119	2 095	0	2	1 673	3 268	1 308	244	1 064	2 758

<sup>1</sup> The balance sheet of the Bank of Finland was revised in Dec. 1974. See explanations on page 18.

<sup>2</sup> Including special index accounts.

<sup>3</sup> Including cash reserve accounts.

## SELLING RATES FOR FOREIGN EXCHANGE

Mk

January 24, 1977

New York <sup>1</sup>	1 \$	3.821	Frankfurt o. M.	100 DM	159.50	Vienna	100 S	22.45
Montreal	1 \$	3.780	Amsterdam	100 FI	152.20	Lisbon	100 Esc	11.95
London	1 £	6.560	Brussels <sup>2</sup>	100 Fr		Madrid	100 Pta	5.58
Stockholm	100 Kr	91.10	Zurich	100 Fr	152.70	Tokyo	100 Y	1.320
Oslo	100 Kr	72.10	Paris	100 FF	77.00	Reykjavik	100 Kr	2.00
Copenhagen	100 Kr	64.50	Rome	100 Lit	0.436	Moscow <sup>3</sup>	1 Rbl	5.150

<sup>1</sup> As from Dec. 20, 1971 also applied to clearing accounts with Berlin, Budapest and Sofia.

<sup>2</sup> 10.370 commercial rate; 10.300 financial rate.

<sup>3</sup> Clearing account: also Bucharest.

# DEPOSITS BY THE PUBLIC

Mill. mk

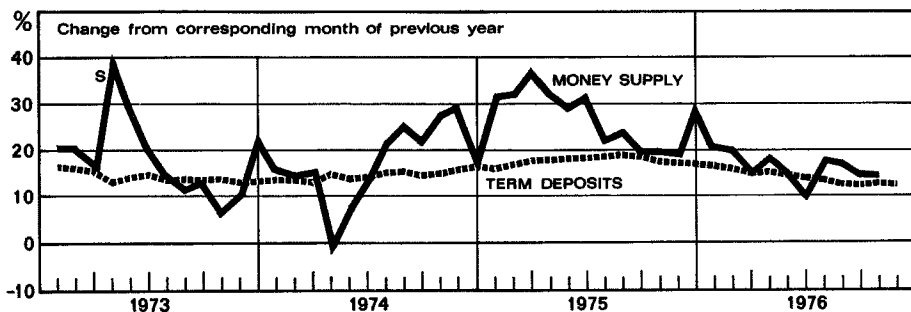
End of year and month	Sight deposits			Term deposits						Total (2 + 3 + 9)
	Cheque accounts		Postal giro accounts	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Co-op. stores	All credit institutions	
	Commer- cial banks	All credit institutions								
1	2	3	4	5	6	7	8	9	10	
1969	1 057	1 374	521	5 236	4 333	3 022	1 116	522	14 229	16 124
1970	1 143	1 508	603	6 099	4 847	3 458	1 288	574	16 266	18 377
1971	1 343	1 734	754	6 962	5 446	3 877	1 491	642	18 418	20 906
1972	1 851	2 371	979	8 096	6 232	4 500	1 806	720	21 353	24 703
1973	2 144	2 892	1 360	8 989	7 109	5 237	2 159	805	24 299	28 551
1974	2 551	3 478	1 638	10 213	8 288	6 308	2 641	921	28 371	33 487
1975	3 447	4 642	2 301	11 764	9 751	7 538	3 170	1 094	33 317	40 260

## 1975

Nov.	2 659	3 649	1 652	11 234	9 331	7 262	2 985	1 057	31 869	37 170
Dec.	3 447	4 642	2 301	11 764	9 751	7 538	3 170	1 094	33 317	40 260

## 1976\*

Jan.	3 270	4 296	2 038	11 872	9 867	7 670	3 229	1 118	33 756	40 090
Feb.	2 855	4 188	2 258	11 929	10 033	7 779	3 263	1 132	34 136	40 582
March	3 007	4 336	2 032	11 837	10 032	7 751	3 224	1 139	33 983	40 351
April	3 040	4 120	2 155	11 894	10 080	7 819	3 270	1 148	34 211	40 486
May	2 843	4 021	2 048	11 972	10 174	7 870	3 292	1 161	34 469	40 538
June	3 004	4 222	1 865	11 963	10 279	7 971	3 332	1 167	34 712	40 799
July	2 985	4 176	1 951	11 966	10 389	8 064	3 390	1 184	34 993	41 120
Aug.	3 102	4 375	1 968	11 988	10 531	8 216	3 423	1 194	35 352	41 695
Sept.	2 856	4 094	1 935	11 896	10 545	8 286	3 426	1 213	35 366	41 395
Oct.	2 715	3 930	1 948	11 986	10 599	8 341	3 465	1 231	35 622	41 500
Nov.	2 933	4 170	1 913	12 031	10 769	8 477	3 480	1 248	36 005	42 088





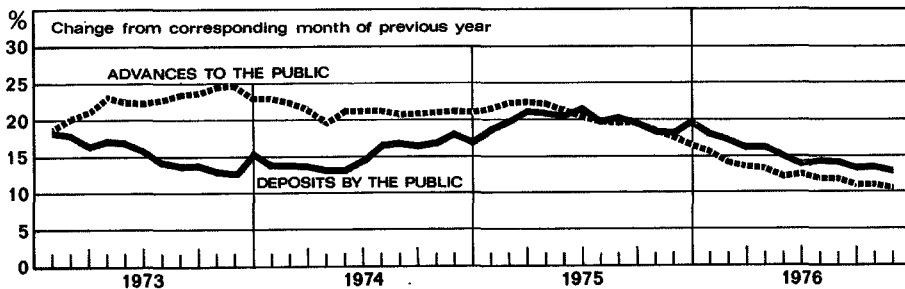
# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by					Types of advances		Total (1 to 5) (6 and 7)	Money Supply
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Mortgage banks	Loans & Bills	Cheque credits		
	1	2	3	4	5	6	7	8	9
1969	6 892	3 803	2 922	1 040	1 290	15 354	593	15 947	3 126
1970	7 963	4 342	3 404	1 342	1 454	17 815	690	18 505	3 445
1971	9 234	4 795	3 834	1 747	1 799	20 640	769	21 409	4 025
1972	10 667	5 503	4 483	2 245	2 374	24 473	799	25 272	4 959
1973	13 365	6 497	5 302	3 399	2 696	30 286	973	31 259	6 115
1974	15 869	7 716	6 456	4 617	3 264	36 782	1 140	37 922	7 283
1975	17 773	9 108	7 798	5 488	4 129	43 002	1 294	44 296	9 450

1975									
Nov.	17 851	9 000	7 662	5 421	4 046	42 577	1 403	43 980	7 643
Dec.	17 773	9 108	7 798	5 488	4 129	43 002	1 294	44 296	9 450

1976*									
Jan.	17 769	9 263	7 882	5 586	4 222	43 456	1 266	44 722	8 621
Feb.	17 868	9 333	7 939	5 605	4 226	43 653	1 318	44 971	8 771
March	17 902	9 453	8 009	5 688	4 245	43 913	1 384	45 297	8 582
April	18 049	9 576	8 079	5 691	4 258	44 192	1 461	45 653	8 607
May	18 138	9 647	8 178	5 697	4 378	44 604	1 433	46 038	8 488
June	18 396	9 728	8 279	5 779	4 409	45 121	1 470	46 591	8 652
July	18 212	9 831	8 376	5 844	4 479	45 365	1 377	46 742	8 665
Aug.	18 309	9 965	8 505	5 885	4 507	45 652	1 519	47 171	8 830
Sept.	18 453	10 148	8 683	5 937	4 470	46 092	1 599	47 691	8 504
Oct.	18 658	10 279	8 855	5 939	4 475	46 617	1 589	48 206	8 422
Nov.	18 791	10 418	9 000	6 046	4 494	..	..	48 749	8 565





# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1970	9 687	11 071	-1 384
1971	9 897	11 734	-1 837
1972	12 082	13 107	-1 025
1973	14 605	16 599	-1 994
1974	20 687	25 666	-4 979
1975*	20 247	28 002	-7 755

1975*			
Dec.	2 371	2 545	- 174

1976*			
Jan.	1 563	2 131	- 568
Feb.	1 478	1 949	- 471
March	1 967	2 249	- 282
April	1 452	1 851	- 399
May	2 212	1 956	+ 256
June	2 232	2 441	- 209
July	2 256	2 544	- 288
Aug.	1 758	2 357	- 599
Sept.	2 119	2 633	- 514
Oct.	2 395	2 361	+ 34
Nov.	2 463	2 784	+ 321

Jan.-Nov.			
1975*	17 876	25 457	-7 581
1976*	21 895	25 256	-3 361

Indices of exports and  
imports 1969 = 100

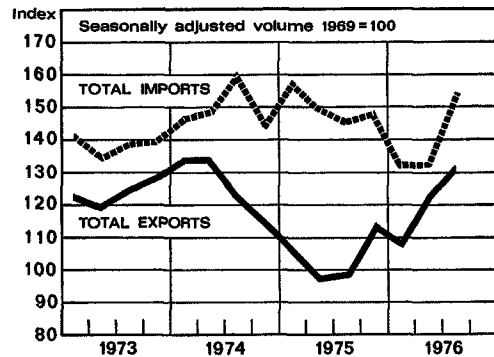
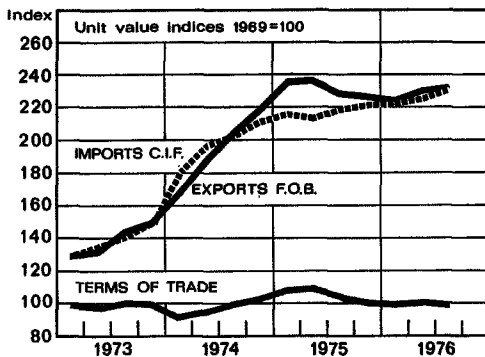
Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1970	107	121	108	108	100
1971	103	119	115	116	99
1972	118	124	123	125	98
1973	127	141	138	139	99
1974	126	151	196	200	98
1975	105	151	232	218	106

1973					
July-Sept.	122	136	145	142	102
Oct.-Dec.	140	149	151	151	100

1974					
Jan.-Mar.	131	146	169	184	92
Apr.-June	131	147	190	199	95
July-Sept.	119	158	206	204	101
Oct.-Dec.	125	152	221	213	104

1975					
Jan.-Mar.	104	160	237	217	109
Apr.-June	95	146	238	216	110
July-Sept.	94	143	230	220	105
Oct.-Dec.	124	153	228	223	102

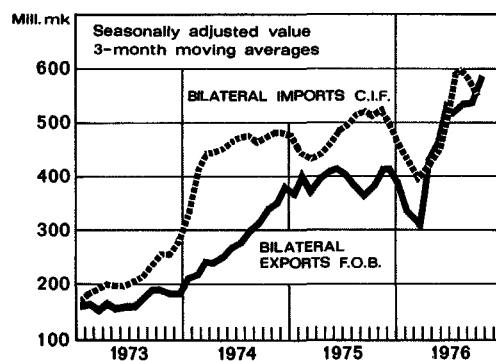
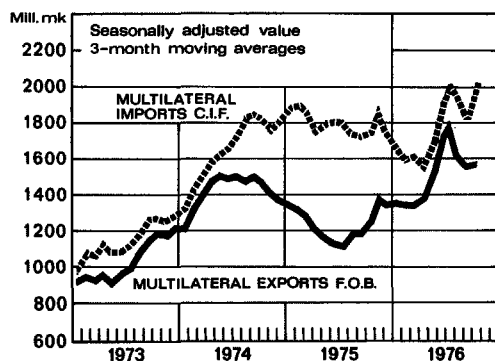
1976*					
Jan.-Mar.	106	134	226	224	101
Apr.-June	122	130	231	226	102
July-Sept.	125	152	234	233	100



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1970	286	1 536	3 883	1 828	2 154	6 891	422	1 949	1 750	59
1971	313	1 643	3 797	1 764	2 380	7 037	570	2 333	1 746	48
1972	346	1 809	4 376	2 547	3 004	7 842	609	2 354	2 250	52
1973	432	2 458	5 266	2 921	3 528	9 916	729	2 919	2 968	67
1974	464	3 153	7 872	4 245	4 953	16 525	1 978	3 857	3 282	24
1975*	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63
1975*										
Dec.	82	234	659	877	519	1 511	140	565	323	6
1976*										
Jan.	114	190	477	436	347	1 190	133	495	312	1
Feb.	14	196	592	287	389	1 211	114	327	291	6
March	125	214	780	338	510	1 339	91	461	353	5
April	19	140	397	475	421	1 034	66	433	318	0
May	78	158	601	837	538	1 236	106	291	316	7
June	38	302	804	529	559	1 604	100	390	347	0
July	29	320	693	739	475	1 725	164	343	307	5
Aug.	42	257	645	324	490	1 483	163	381	308	22
Sept.	47	276	665	554	577	1 564	166	516	386	1
Oct.	71	255	741	749	579	1 448	177	380	346	10
Nov.	66	273	724	826	574	1 849	157	371	398	9
Jan.-Nov.										
1975*	367	1 943	6 566	4 480	4 520	15 547	1 531	4 656	3 666	57
1976*	643	2 581	7 119	6 094	5 458	15 683	1 437	4 388	3 682	66



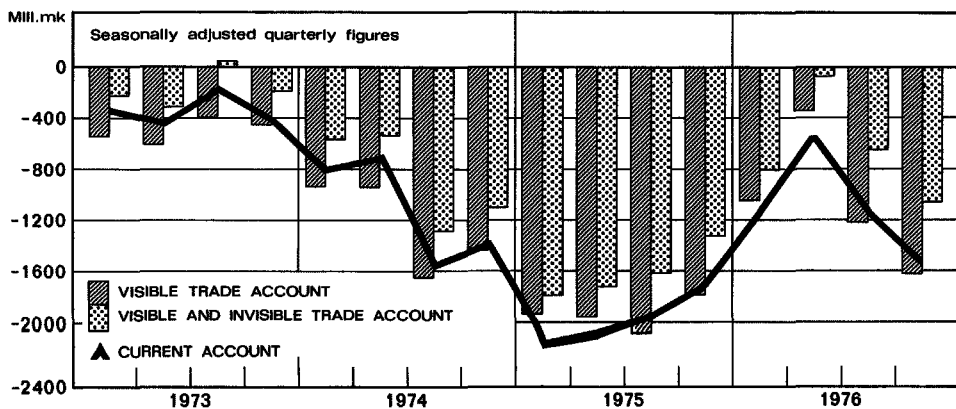
## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—November				January—November			
	1975*		1976*		1975*		1976*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	64.0	11 437	64.2	14 048	65.9	16 774	64.8	16 351
Austria	0.8	147	0.7	150	1.3	339	1.5	372
Belgium-Luxembourg	1.4	257	1.7	367	1.8	456	1.8	460
Denmark	3.6	639	3.8	843	3.3	841	3.1	780
France	3.6	636	3.6	784	3.6	917	2.8	704
Federal Republic of Germany	8.7	1 553	9.6	2 110	15.9	4 047	16.5	4 160
Italy	1.3	231	1.6	344	2.0	518	1.9	482
Netherlands	2.6	471	3.0	665	3.0	753	3.1	774
Norway	4.6	824	3.5	756	2.7	685	3.1	775
Portugal	0.4	67	0.3	66	0.4	115	0.3	78
Spain	1.1	202	1.0	217	1.0	269	1.2	304
Sweden	17.9	3 193	17.9	3 909	18.4	4 674	17.9	4 510
Switzerland	1.5	264	1.6	352	3.2	809	3.3	831
United Kingdom	14.9	2 672	14.6	3 200	9.1	2 307	8.1	2 056
Other	1.6	281	1.3	285	0.2	44	0.2	65
<b>OECD countries outside Europe</b>	4.8	869	4.8	1 062	9.4	2 399	9.4	2 384
Canada	0.5	94	0.6	135	0.4	113	0.4	105
Japan	0.5	89	0.6	141	1.7	421	1.6	411
United States	3.2	576	2.6	575	7.3	1 854	7.4	1 856
Other	0.6	110	1.0	211	0.0	11	0.0	12
<b>CMEA countries</b>	23.3	4 159	22.9	5 010	21.5	5 464	21.5	5 441
Czechoslovakia	0.6	99	0.1	19	0.4	104	0.5	125
Democratic Republic of Germany	0.7	133	0.8	177	0.7	187	0.5	121
Poland	1.2	208	1.1	246	2.3	571	1.7	441
Soviet Union	20.0	3 577	20.1	4 388	17.0	4 318	18.0	4 548
Other	0.8	142	0.8	180	1.1	284	0.8	206
<b>Latin America</b>	2.0	357	2.0	440	1.1	286	1.9	469
Argentina	0.7	134	0.2	45	0.1	14	0.1	14
Brazil	0.5	92	0.5	116	0.2	58	0.4	92
Colombia	0.1	11	0.1	21	0.3	88	0.5	132
Other	0.7	120	1.2	258	0.5	126	0.9	231
<b>Other</b>	5.9	1 054	6.1	1 335	2.1	534	2.4	611
<b>GRAND TOTAL</b>	100.0	17 876	100.0	21 895	100.0	25 457	100.0	25 256
of which								
<b>EFTA countries</b>	25.3	4 526	24.0	5 262	26.1	6 638	26.1	6 594
<b>EEC countries</b>	36.8	6 574	38.5	8 427	38.7	9 855	37.4	9 443
<b>OECD countries</b>	68.8	12 306	69.0	15 110	75.3	19 173	74.2	18 735

# BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Transfer payments, net	Current account
1973	14 525	16 560	-2 035	+ 996	+340	+ 29	- 670	- 753	-57	-1 480
1974 r	20 605	25 598	-4 993	+1 075	+326	+105	-3 487	-1 006	-69	-4 562
1975	20 181	27 939	-7 758	+ 984	+105	+217	-6 452	-1 414	-108	-7 974
1973										
Jan.-March	3 282	3 868	- 586	+260	- 5	+28	-303	-139	-14	-456
Apr.-June	3 182	3 843	- 661	+218	+ 48	+16	-379	-190	-22	-591
July-Sept.	3 656	4 084	- 428	+271	+240	+10	+ 93	-173	- 9	- 89
Oct.-Dec.	4 405	4 765	- 360	+247	+ 57	-25	- 81	-251	-12	-344
1974										
Jan.-March	4 589	5 683	-1 094	+338	+ 10	+ 5	- 741	-233	-25	- 999
Apr.-June	5 159	6 198	-1 039	+282	+ 74	+47	- 636	-239	-11	- 886
July-Sept.	5 104	6 838	-1 734	+251	+243	-36	-1 276	-243	- 4	-1 523
Oct.-Dec.	5 753	6 879	-1 126	+204	- 1	+89	- 834	-291	-29	-1 154
1975*										
Jan.-March	5 127	7 369	-2 242	+291	- 43	- 44	-2 038	-316	-58	-2 412
Apr.-June	4 695	6 689	-1 994	+221	+ 12	- 2	-1 763	-383	-14	-2 160
July-Sept.	4 498	6 647	-2 149	+237	+143	+ 58	-1 711	-309	- 6	-2 026
Oct.-Dec.	5 861	7 234	-1 373	+235	- 7	+205	- 940	-406	-30	-1 376
1976*										
Jan.-March	4 989	6 357	-1 368	+276	- 53	+ 51	-1 094	-349	-24	-1 467
Apr.-June	5 833	6 241	- 408	+295	- 5	+ 15	- 103	-484	-37	- 624
July-Sept.	6 113	7 481	-1 368	+322	+112	+115	- 819	-436	-17	-1 272

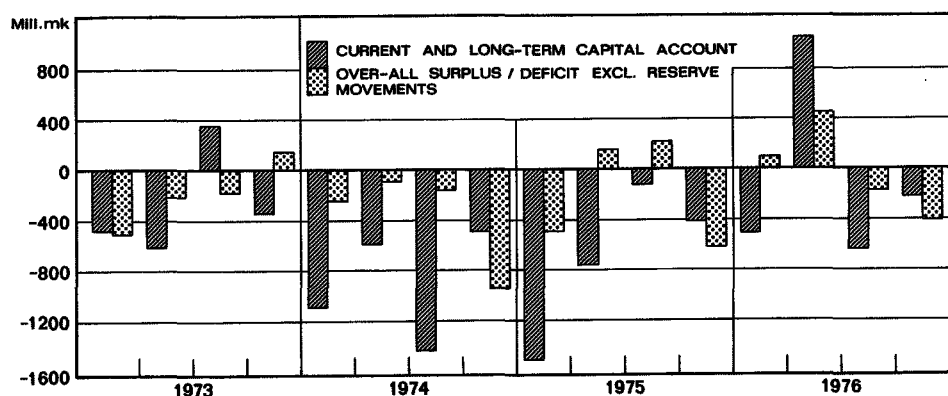


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+1 858	-1 366	+ 34	-114	+ 412	-1 068	-246	- 8	+ 538	- 784	+491	+293
+2 730	-1 537	-223	- 23	+ 947	-3 615	+930	+337	+ 873	-1 475	+739	+736
+6 729	-1 445	-214	+ 62	+5 132	-2 842	+638	+1 449	+ 8	- 747	-444	+1 191
+364	-396	+35	-24	- 21	-477	+21	- 98	+ 47	-507	+353	+154
+309	-265	-48	- 9	- 13	-604	+ 95	+191	+ 91	-227	+301	- 74
+774	-370	+59	-15	+448	+359	-403	-322	+180	-186	+ 66	+120
+411	-335	-12	-66	- 2	-346	+ 41	+221	+220	+136	-229	+ 93
+481	-522	-24	-26	- 91	-1 090	+288	+124	+409	-269	+138	+131
+758	-362	-114	+13	+295	- 591	+349	+ 58	+ 88	- 96	- 99	+195
+549	-379	- 61	-25	+ 84	-1 439	+502	+312	+462	-163	+202	- 39
+942	-274	- 24	+15	+659	- 495	-209	-157	- 86	-947	+498	+449
+1 206	-310	- 24	+11	+ 883	-1 529	+309	+758	- 15	-477	- 32	+509
+1 870	-433	- 48	+ 9	+1 398	- 762	-139	+758	+300	+157	-668	+511
+2 121	-287	- 3	+57	+1 888	- 138	+130	- 34	+247	+205	+ 91	-296
+1 532	-415	-139	-15	+ 963	- 413	+338	- 33	-524	-632	+165	+467
+1 404	-374	+ 2	-79	+ 953	- 514	-579	+119	+1072	+ 98	+373	-471
+2 096	-394	-115	+83	+1 670	+1 046	-158	+120	-550	+458	-485	+ 27
+1 239	-568	- 20	-25	+ 626	- 646	+ 520	+ 41	- 88	-173	+263	- 90

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

<sup>1</sup> Including Direct investment, net.

<sup>2</sup> Including Allocations of special drawing rights 88 million in 1970, 85 million in 1971 and 85 million in 1972.



# PRICE INDICES

Period	Wholesale prices 1949 = 100									Building costs 1964 = 100		
	Total	Origin		Purpose			Stage of processing			Total	Wages in building trade	Building materials
		Domes- tic goods	Im- ported goods	Pro- ducer goods	Machinery & transport equipm.	Con- sumer goods	Raw materials and com- modities	Simply pro- cessed goods	More elab- orately processed goods			
1974	495	498	482	523	536	448	555	495	459	233	231	230
1975	562	575	513	570	637	532	629	536	539	259	264	246
1976	626	646	548	614	707	621	679	594	614	283	286	274

## 1976

Jan.	591	610	517	582	688	578	644	555	583	270	273	260
Feb.	599	617	531	587	691	591	647	565	593	271	273	261
March	605	624	532	589	691	604	656	572	597	272	273	261
April	610	630	535	597	696	606	669	575	598	275	273	268
May	610	629	537	598	696	604	666	576	598	282	292	268
June	611	629	539	599	698	605	669	576	599	282	292	269
July	628	648	554	610	706	633	686	596	615	285	292	274
Aug.	641	662	560	627	709	642	697	611	627	288	292	279
Sept.	648	670	565	640	721	640	700	623	633	292	292	285
Oct.	650	671	567	642	726	640	699	624	637	293	292	287
Nov.	656	678	570	646	727	651	706	627	645	292	292	287
Dec.	659	681	573	647	738	654	710	627	649	293	292	286

Period	Cost of living Oct. 1951 = 100	Con- sumer prices Oct.-Dec. 1957 = 100	Consumer prices 1972 = 100									
			Total	Food	Bever- ages and tobacco	Clothing and foot- wear	Rent	Heating and lighting	Furniture, household equip. and operation	Traffic	Education and recreation	Other goods and services
1974	333	261	129	130	109	128	144	161	129	128	118	127
1975	392	308	153	157	135	150	162	184	150	145	144	156
1976	449	352	174	182	164	166	171	200	164	174	162	185

## 1976

Jan.	426	335	166	167	161	163	168	189	159	166	154	172
Feb.	432	339	168	167	161	163	168	191	160	169	156	181
March	436	343	170	174	161	163	169	191	161	170	157	182
April	440	345	171	176	161	164	169	192	161	171	160	182
May	441	346	171	176	161	164	169	201	161	172	160	182
June	442	347	172	176	161	164	171	201	161	172	161	182
July	450	353	175	185	168	161	171	202	162	175	161	186
Aug.	456	358	177	191	168	163	171	202	165	176	161	187
Sept.	460	361	179	193	169	168	171	202	166	177	162	190
Oct.	465	365	181	192	168	173	174	208	167	178	167	194
Nov.	468	367	182	194	168	173	174	209	170	180	169	194
Dec.	469	368	182	195	168	173	174	209	170	181	171	195



## WAGES

Index of salary and wage earnings 1984 = 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							
1975*	506	384	389	310	312	302	363	300	383	347
1976*	605	442	429	356	359	348	415	346	437	398

1975\*

Jan.-March	464	354	361	278	280	272	330	269	350	315
Apr.-June	497	391	395	313	315	304	371	304	392	353
July-Sept.	511	390	395	316	322	306	375	308	395	357
Oct.-Dec.	556	400	404	331	334	327	381	319	403	366

1976\*

Jan.-March	581	416	410	348	349	342	397	338	417	382
Apr.-June	608	447	431	358	363	350	419	348	442	401
July-Sept.	610	451	437	359	363	350	422	349	446	403
Oct.-Dec.	612	455	439	360	363	350	423	350	446	404

## PRODUCTION

Volume indices of production 1984 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communications	Commerce, banking and insurance	Ownership of dwellings	Public admin. and defence	Services
1974	160	197	90	96	168	103	163	179	158	159	165
1975*	160	189	97	83	170	105	158	188	166	168	172
1976*	161	193	105	77	145	103	159	188	173	174	177

1975\*

Jan.-March	161	200	52	119	163	106	157	185	163	166	171
Apr.-June	161	193	81	100	161	108	162	185	165	167	173
July-Sept.	157	164	179	48	178	103	155	185	166	168	171
Oct.-Dec.	162	200	77	64	180	103	158	198	170	171	174

1976\*

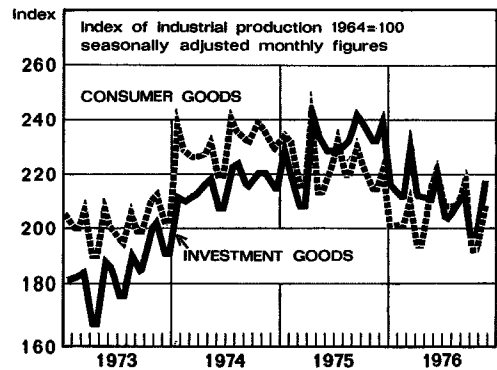
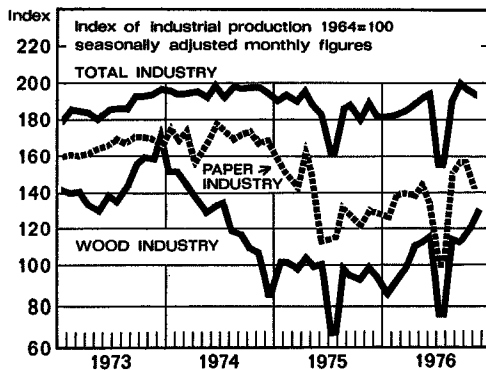
Jan.-March	156	199	64	84	115	104	149	182	171	172	175
Apr.-June	161	193	95	91	149	106	159	185	172	173	177
July-Sept.	161	170	186	55	155	101	162	187	173	175	176
Oct.-Dec.	166	208	77	76	160	101	168	201	177	177	178

# PRODUCTION<sup>1</sup>

Index of industrial production 1970 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industry	Non-metallic mineral industry	Metal industry	
1974	127	141	122	135	112	107	124	154	136	141	127
1975*	121	151	111	132	112	81	99	136	123	145	120
1975*											
April	137	174	125	151	118	109	109	147	138	169	126
May	127	165	118	131	112	99	109	136	125	156	121
June	109	148	96	125	111	84	68	120	118	139	116
July	74	65	70	84	112	33	82	95	76	64	108
Aug.	117	144	108	131	111	70	100	133	123	135	121
Sept.	125	163	112	139	119	83	92	137	126	155	120
Oct.	132	175	118	150	133	84	96	140	136	165	117
Nov.	127	165	116	136	120	81	101	139	130	156	123
Dec.	116	147	107	126	98	73	88	134	110	139	116
1976*											
Jan.	123	155	120	119	108	70	97	129	102	149	119
Feb.	122	143	121	117	106	81	108	132	104	139	119
March	138	169	135	132	103	104	115	134	115	164	120
April	123	154	119	119	103	107	84	133	99	149	123
May	133	151	130	132	128	116	115	130	120	149	126
June	118	148	109	127	132	103	73	91	120	145	121
July	68	57	68	74	114	37	71	74	61	55	100
Aug.	123	133	120	125	124	85	113	116	118	134	123
Sept.	135	148	133	135	129	101	116	136	139	155	131
Oct.	136	149	135	132	126	102	121	119	133	153	128
Nov.	137	159	135	133	128	117	109	106	133	159	126

<sup>1</sup> Revised figures.



# LABOUR—TIMBER FELLINGS—INTERNAL TRADE—TRAFFIC

Period	Population of working age 1 000 persons	Total labour force, 1 000 persons	Employed 1 000 persons	Un-employed 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings 1 000 solid cu. m	Retailers' sales volume index 1972 = 100	Wholesalers' volume index 1972 = 100
1973	3 442	2 215	2 164	51	2.3	35 123	110	111
1974	3 483	2 268	2 229	39	1.7	34 457	114	114
1975*	3 513	2 272	2 221	51	2.2	29 133	118	119
1975*								
Dec.	3 521	2 244	2 172	72	3.1	2 028	143	126
1976*								
Jan.	3 523	2 198	2 107	91	4.1	1 684	97	106
Feb.	3 525	2 190	2 100	90	4.1	2 332	92	104
March	3 527	2 187	2 102	85	3.9	3 269	104	124
April	3 529	2 195	2 105	90	4.1	3 217	110	113
May	3 531	2 224	2 151	73	3.3	2 735	111	116
June	3 533	2 396	2 320	76	3.2	1 821	114	124
July <sup>1</sup>	3 532	2 416	2 317	99	4.1	1 047	114	106
Aug.	3 531	2 352	2 253	99	4.2	1 155	106	121
Sept.	3 533	2 215	2 144	71	3.2	1 839	109	133
Oct.	3 532	2 183	2 111	72	3.3	2 293	..	..
Nov.	3 534	2 183	2 099	84	3.8	2 787	..	..

<sup>1</sup> Revised figures since July 1976.

## CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Buildings-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											
1973	54.96	24.68	3.82	20.66	2.81	40.20	18.81	2.91	13.63	2.82	51.42
1974	53.23	22.35	3.26	21.30	3.52	46.50	21.54	2.75	17.04	3.14	52.84
1975*	51.42	19.65	3.79	21.62	3.39	47.59	20.49	2.76	18.34	3.93	53.73
1975*											
Apr.-June	15.90	7.46	1.67	5.00	0.51	10.49	5.18	0.36	3.73	0.74	54.44
July-Sept.	12.21	4.84	0.79	4.72	1.13	11.97	4.70	0.92	4.17	1.27	56.38
Oct.-Dec.	10.71	4.04	0.59	4.36	1.00	13.86	5.97	1.02	5.50	0.77	53.73
1976*											
Jan.-March	8.52	3.04	0.73	3.29	0.86	8.04	3.55	0.52	3.25	0.42	49.19
Apr.-June	14.00	7.39	1.80	2.81	0.55	9.59	3.60	0.35	4.45	0.78	51.30
July-Sept.	12.42	5.43	0.71	4.44	0.97	8.89	3.59	0.97	2.95	0.67	54.82

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

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

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

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

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

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

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

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

Liabilities = Cheque accounts + Counter-cyclical reserves + Import deposits + Other public sector liabilities.

Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector*: Other receivables = Call money market advances + Bonds + Other financial institution receivables. Other liabilities = Call money market deposits + Other financial institution claims.

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

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

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

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

Page 6. *Cheque accounts in all credit institutions* relates to commercial banks, savings banks and co-operative banks.

Page 7. *Money supply* = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Cheque accounts of the public + Postal giro accounts of the public.

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

## STATE FINANCES

Page 8. Official figures computed by the Economic Department of the Ministry of Finance. First date of publication: Bulletin No. 8, 1968. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Index-tied bond loans are taken at nominal values. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to Postipankki less cash holdings (net) of State departments and funds.

## FOREIGN TRADE

Pages 9—11. Figures supplied by the Board of Customs. *Indices* (p. 9). The volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries* (p. 11): imports by countries of purchase exports by countries of sale.

## BALANCE OF PAYMENTS

Pages 12—13. Figures are calculated by the Bank of Finland. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, non-monetary gold, grants in kind and adjusted allowance for smuggling.

## PRICE INDICES

Page 14. All indices calculated by the Central Statistical Office.

## WAGES — PRODUCTION

Pages 15—16. Figures supplied by the Central Statistical Office.

Page 16. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: Investment goods weight 7.0, other producer goods weight 67.0 and consumer goods weight 26.0. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.8, manufacture of wood, and wood and cork products (SIC 311-2) 8.0, manufacture of paper and paper products (SIC 341) 15.2, manufacture of industrial chemicals (SIC 351-2) 5.2, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.6 and metal industry (SIC 37-38) 25.9.

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

Page 17. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Ministry of Labour. *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Construction of buildings* figures calculated by the Central Statistical Office.

## SYMBOLS USED

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

# SOME PARTICULARS ABOUT FINLAND

## FORM OF GOVERNMENT

From 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. Mr. Urho Kekkonen has been President for three 6-year periods. His last term of office was extended by four years and will end on March 1, 1978.

Parliament, comprising 200 members, is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1975 is as follows: Social Democrats 64, People's Democrats 40, Centre Party 39, Conservatives 36, Swedish Party 10, Liberal Party 9, Christian League 9, Finnish Farmers Party 2, Finnish People's Unification Party 1 and Finnish People's Constitutional Party 1.

## INTERNATIONAL ORGANIZATIONS

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

## LAND

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

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

## POPULATION

NUMBER OF INHABITANTS (1975): 4.7 million. Sweden 8.2, Switzerland 6.4, Denmark 5.1 and Norway 4.0 million.

DENSITY OF POPULATION (1975): In South Finland 46.1, in East and Central Finland 13.3, in North Finland 4.0 and in the whole country an average of 15.5 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1975): 41 % of the population inhabit the rural areas, 59 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 496 872 inhabitants, Tampere (Tammerfors) 165 928, Turku (Åbo) 163 981.

EMPLOYMENT (1975): Agriculture and forestry 15 %, industry and construction 36 %, commerce 16 %, transport and communications 7 %, services 26 %.

LANGUAGE (1974): Finnish speaking 93.3 %, Swedish speaking 6.5 %, others 0.2 %.

EDUCATION (1976): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 12 colleges of university standard.

CHANGE OF POPULATION (1975): births 14.1 ‰, deaths 9.4 ‰, change + 3.8 ‰, net emigration 0.9 ‰. Deaths in France 10.4 ‰ and Great Britain 11.9 ‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1975, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 5 625 (6 %), forestry and fishing 5 025 (6 %), manufacturing 28 290 (32 %),

construction 9 310 (10 %), transport and communication 8 841 (10 %), commerce, banking and insurance 11 964 (13 %), public administration 4 313 (5 %), ownership of dwellings 3 299 (4 %), services 13 035 (14 %), total 89 702. Index of real domestic product 159 (1964 = 100).

FOREST RESOURCES (1975): The growing stock comprised of 1 513 million m<sup>3</sup> (solid volume with bark), of which 44 % was pine and 38 % spruce, the remaining 18 % being broad-leaved trees, chiefly birch. Of the growing stock, 656 million m<sup>3</sup> was up to the standard required for logs, 55 % of these being pine. The annual growth was 57.5 million m<sup>3</sup> and the total removal, calculated on the basis of roundwood consumption, was 40.1 million m<sup>3</sup>.

AGRICULTURE (1974): Cultivated land 2.6 million hectares. Number of holdings 258 600, of which 172 400 are of more than 5 ha. Measure of self-sufficiency in bread cereals 116 % in the crop year 1974/75.

INDUSTRY (1973): Gross value of industrial production 54 650 mill. marks, number of workers 417 884, salaried employees 119 436, motive power (1973) 6.0 mill. kW. Index of industrial production 122 for 1973 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1977): Length 5 920 km.

MERCHANT FLEET (Dec. 31, 1976): Steamers 23 (10 300 gross reg. tons), motor vessels 363 (977 800 gross reg. tons) tankers 56 (1 102 400 gross reg. tons). Total 442 (2 090 500 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1975): Passenger cars 996 300 lorries and vans 128 400, buses 8 600, others 6 600. Total 1 139 900

FINNISH AIRLINES (Feb. 10, 1976): Finnair and Kar-Air have in use 4 DC-8-62s, 1 DC-6, 10 Super Caravelles, 9 DC-9s, 3 DC-9-51s, 2 DC-10-30 and 5 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 27 airports and to 20 domestic airports.

## FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). Since Oct. 12, 1967, the par value of the mark is 0.21159 grams of fine gold per mark (equivalent to 4.20 marks per one SDR). On Feb. 15, 1973 a central rate of 3.90 marks to one U.S. dollar was set, and since June 4, 1973 the mark has been allowed to float.

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, 1975). There are two big and five small commercial banks with in all 864 offices, 283 savings banks 384 co-operative banks, six mortgage banks, Posti-pankki and five development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-nine private insurance companies also grant credits.

RATES OF INTEREST (Jan. 1, 1975). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland for discounts and rediscounts of commercial banks) is 9 ¼ %. The range of rates for other credits granted by the Bank of Finland is between 7 ½ and 10 ½ %. Other credit institutions: term deposits 5 ¾ %; 6 month deposits 6 ¼ %; 12 month deposits 6 ¾ %; 24 month deposits 7 ¾ %; 36 month deposits 9 % + savings premium; 36 month deposits 8 ¼ % + tax concession and sight deposits 1 ½ %; highest lending rate 12 ½ %.

# GROWTH PROSPECTS FOR THE FINNISH ECONOMY TO 1981

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Every year, as a supplement to the Budget Proposal, a survey of the 5-year economic outlook is prepared, outlining the expected trends in the Finnish economy and the future pattern of fiscal policy. With increasing attention being paid in policy formulation to long-term aspects, the importance of this annual survey is growing. At the same time, attempts are being made to forecast more precisely the effects of short-term fluctuations, and to take full account of the monetary and fiscal policy measures taken on the basis of the forecasts.

Based on the survey attached to the 1977 Budget Proposal (issued in October 1976 and approved in January 1977), this article assesses the Finnish economy's growth prospects up to 1981. The estimates presented are not forecasts proper, the Survey is a target-setting examination of the chances of eliminating the imbalances prevailing in the economy and achieving stable long-term economic growth. In the Survey, attention is also paid to the demands and the restraints placed on public — and particularly state — finances by the set of targets chosen. In the spring and summer of 1976, a preliminary version of the survey was used as background information in economic policy-making.

## PROSPECTS FOR THE EXPANSION OF PRODUCTION

The prospects for expanding production in Finland are still fairly good. It is estimated that between 1976 and 1981 the supply of labour could increase by some 85 000 persons, i.e. by 0.7 per cent annually (this assumes no net emigration), and the total labour input is likely to grow only slightly more slowly than the number of persons employed. Moreover, the

age structure of the population of working age is favourable from the point of view of the expansion of production.

Because of the current low capacity utilization rate and the fairly large industrial investments made in recent years, there is much scope for increases in productivity. On the other hand, there are a number of factors which will tend to hold back the growth rate of productivity: there will be a slowdown in the shift of labour out of low productivity sectors such as agriculture; at the same time, industries with productivity growth lower than the average, like services, will account for an increasing share of total output and labour. Furthermore, uncertain international economic prospects may hold back industrial investment, causing further restraints on productivity growth.

Given favourable circumstances, the potential long-term growth of total output — calculated from labour input and productivity — could be nearly 4.5 per cent per annum. As the utilization rate of productive capacity was low in 1975 and 1976, and total output thus much smaller than productive capacity would have allowed, *gross domestic product could grow* — taking the actual 1976 level of output as the basis — by nearly five per cent annually between 1976 and 1981. With unemployment, inflation and the current account deficit being the main problems of economic policy, it will not be easy to pursue a course with results favourable in every respect. A rapid growth of domestic demand would be desirable for several reasons, but it would very likely result in a surge in imports, thus hampering progress back to current account balance. Thus, in the period under review, the need to restore a current account balance will set limits to the growth of production. A substantial and durable reduction in the current account deficit will also require an increasing part of the growth of output to be devoted to expanding exports. Accordingly, the growth in the volume of domestic demand should be smaller than the growth of the volume of output.

## ESTIMATES OF INTERNATIONAL ECONOMIC DEVELOPMENTS AND FINNISH EXPORT PROSPECTS

It is assumed in the survey that the real growth of gross domestic product in the OECD area will be some five per cent per annum in 1976—1981, with more than one percentage point of this being a consequence of the exceptionally low base level in 1976. Growth in Sweden and the United Kingdom will be slower than the average, producing a growth rate weighted by shares in Finnish exports of four per cent per annum. The growth may well turn out to be smaller than estimated, however. There will also be a number of problems to be faced, particularly since the level of unemployment in the OECD countries is likely to remain very high for a long time.

Both growth rates and price developments will vary greatly between countries and this will cause severe problems for international economic development. If methods are not found to level-off these diverging trends, at least to some extent, then the adjustment mechanisms of the international economic system will come under substantial strain. In the coming years, the foreign trade environment will thus be characterised by great uncertainty.

Although there has been rapid export growth for certain products, the market shares held by Finnish exports in general have declined in the 1960s and 1970s. However, in recent years export capacity has been increased substantially; on the basis of estimates of international economic developments and the growth of Finnish export capacity, the potential average annual growth of the volume of commodity exports is some seven per cent.

For forest industry exports, the importance of more-processed products will grow further during the period under review. Pulp and sawn goods will account for a declining share in total exports, while the share of paper industry products will grow. Owing to a growth in exports to the Socialist countries, exports of metal products and machinery will grow quite

rapidly during the first years of the period under review. If the revival of economic growth induces a vigorous investment boom in Western countries — as yet there are no clear signs of this — then Finnish exports to Western countries might also expand considerably. The increased processing capacity in the chemical industry is likely to maintain a rapid rate of growth of the exports of chemical products.

It seems likely that under the Framework Agreement with the Soviet Union for 1976—1980, the increase in trade will take place mainly during the first half of the agreement period; hence, unless new measures are taken to boost the trade before the following recession, exports to the Soviet Union will not necessarily be a stabilizing influence on Finnish economic development to the same extent as they have been during the current recession.

The effective balance attained during 1975—1976 in Finland's trade with the Soviet Union implies that the growth prospects of Finnish exports to the Soviet Union are once again closely connected with the growth prospects of imports. It is estimated that exports to the COMECON countries will continue to expand, although more slowly than in recent years.

## THE GENERAL COURSE OF ECONOMIC POLICY

The prevailing economic problems — the current account deficit, unemployment, inflation, and the weak position of state finances — limit the choice of economic strategies which can be followed. An improvement in the employment situation would be brought about by vigorous output growth; on the other hand, the Finnish economy is highly dependent on imports, so that a growth of production and demand spills over quickly into a rapid rise in imports. For this reason, the growth of production should be based primarily on the vigorous promotion of exports and on an expansion of import-substituting industries. The growth prospects for domestic demand will

depend closely on the development of the current account. At present, the need to improve price competitiveness necessary to expand exports and curb imports allows only very few alternatives on the incomes policy front as well. There are, in principle, various ways in which the current account problem could be solved. Firstly, a solution could be looked for without intervening in the present system of foreign trade. Secondly, it would be possible to introduce import restrictions. Thirdly, industry's price competitiveness could be improved by means of devaluation.

Since permanent import regulation and devaluation would both involve many uncertainties and disadvantages, several economic policy measures designed to curb both public and private demand have been implemented since March 1975; these measures have aimed at reducing the current account deficit and at checking inflation. In the early part of 1976, it was also considered necessary to examine the possibilities of solving the prevailing economic problems through intensified demand-management policies, particularly since exports were recovering and import pressures, at least for the time being, were decreasing.

In what follows, it is assumed that similar policies will continue to be pursued and, in addition, that income and price policies will be such as to keep the rate of inflation within the range required to ensure that Finnish exports will continue to be competitive in international markets.

## AGGREGATE DEMAND AND SUPPLY

It seems likely that Finland's foreign debt will grow further in the coming years, although the situation has improved slightly, partly for cyclical reasons. If the growth of the debt is to be checked and the dependence on foreign creditors to be reduced, then the current account deficit must be brought down to a moderate level before the end of the period under review.

This would mean that the rise in the ratio of foreign debt to gross domestic product would be halted by 1980. Even if this target were to be reached, net foreign debt would still amount to almost a quarter of annual GDP. More dramatic progress than this can hardly be expected, because, the growth of domestic demand would then be insufficient to restrain emigration and increase productive capacity.

To achieve the desired growth of exports, general export-boosting measures must be intensified. Particular questions to be dealt with include the arrangement of imports from the Soviet Union to correspond with the increase in exports to be supplied, and productive capacity must become sufficiently flexible to be able to take full advantage of foreign demand during future boom periods.

It will also be necessary to curb the growth of imports. Because of obligations under international trade agreements, this cannot easily be done without holding back the growth of domestic demand. This, in turn, would exacerbate the employment situation, although the negative impact could be somewhat weakened by channelling demand towards domestic products. The growth of domestic demand will have to be kept moderate, because a large part of any extra output will have to be used for the elimination of the current account deficit and not for great improvements in living standards. Hence, it will be necessary to consider very carefully how the reduced potential growth of domestic demand should be distributed, both between consumption and investment, and between the private and the public sectors.

In recent years, investment (incl. stockbuilding) has accounted for a substantial part of gross domestic product. In 1974 the rate of gross investment was 38 per cent and in 1975 37 per cent. The corresponding rates of gross saving were 33 per cent and 29 per cent. Because of declining investment in energy and housing and the difficult financing situation, the rate of investment will decline in the coming years; the willingness of enterprises to invest is, however, likely to remain fairly strong.



The efficiency of investments in Finland has not been completely satisfactory: the resultant increases in output have been smaller than in many other countries, although this is due in part to the differing economic structures. In order to restore the balance between investment and saving, fixed capital formation will have to be held back. It seems possible that investment in some service sectors, as well as certain public investment, could be restrained without causing any significant harm to competitiveness or to the growth prospects of the economy. As a result, the share of fixed investment in gross domestic product is likely to be about 25 per cent in 1981, five percentage points smaller than in 1975.

Due to decisions already taken, upward pressures on public expenditure will be very strong. According to plans made at the end of 1975 by the various administrative sectors, the average annual real growth of state expenditure will be about four per cent. Such a rapid growth in public demand would leave very little scope for the growth of private consumption, with increasing expenditure calling for substantial rises in tax rates. Furthermore, it would tend to accelerate inflation and to worsen the current account situation. To avoid this, the management of public-sector demand must become more stability-minded, and a critical view must be taken in the justification of expenditure. As a result, the annual growth of the state's current expenditure should be limited to about two per cent. After the substantial quantity of public investment motivated by employment policy considerations in 1975—1977, there could now take place a gradual reduction in the volume of state investment.

It should be possible to control the growth of local government expenditure through co-operation with the local authorities and, if necessary, by restricting central government financial contributions. Nevertheless, it is clear that local expenditure will grow more rapidly than central government expenditure; it seems that the system of local authority financing should be altered so that it no longer gives rise to pressure for expenditure increases.

Transfer payments to the household sector should be allowed to increase to the extent necessary to maintain their current relative share in the provision of disposable income to that sector. On the other hand, the share of gross domestic product going in subsidies should be gradually reduced to the level prevailing at the beginning of the 1970s.

Concerning state revenue, it is assumed that excise tax rates will be increased in line with the upward movement of the general price level, and that the income and wealth tax schedules are revised annually to remove the extra degree of progression due simply to inflation. If expenditure items — subsidies in particular — follow the fairly strict course assumed above, there will be no need for any other significant changes in taxation.

In the medium-term Survey, attempts have been made to examine broadly the prospects for restoring current account balance and dealing with potential problems involved in the process, although the necessary measures have not been dealt with in detail. The estimate of developments in the Finnish economy presented in Table 1 is based on the assumptions and targets set forth above.

According to this estimate, total output will grow more slowly than the theoretical growth prospects would allow. Private consumption would grow at the same rate as public consumption, by slightly more than three per cent per annum.

It is estimated that the employment situation will remain somewhat unsatisfactory, and it seems clear that it will not be possible to re-attain the low unemployment rates of the early 1970s. However, the estimates for unemployment are highly uncertain, since the rate of unemployment is very sensitive to even the slightest inaccuracies in the estimates of labour demand and supply.

The gross tax burden is expected to remain at its present level until 1981, assuming that state expenditure grows by only the moderate

**TABLE 1. AGGREGATE SUPPLY AND DEMAND, UNEMPLOYMENT AND THE CURRENT ACCOUNT IN 1975, 1976 AND 1981**

1975 Prices	1975	1976	Changes from 1976 to 1981	
			Actual 1 000 mill.mk	Trend growth <sup>1</sup> per cent
GDP at market prices	98.0	98.2	20	3 ¾
Imports	31.3	29.6	9	5 ½
<b>AGGREGATE SUPPLY</b>	<b>129.3</b>	<b>127.8</b>	<b>29</b>	<b>4</b>
Exports	24.9	28.2	13	7 ¼
Consumption total	68.2	67.5	12	3 ¼
private	50.1	48.6	9	3 ¼
public	18.1	18.9	3	3 ¼
Investment total	29.6	26.2	3	2 ½
private <sup>2</sup>	25.2	21.7	3	2 ¾
public	4.4	4.5	0	0
Stockbuilding and statistical error	6.6	5.8	..	..
<b>AGGREGATE DEMAND</b>	<b>129.3</b>	<b>127.8</b>	<b>29</b>	<b>4</b>
Domestic aggregate demand	104.5	99.6	16	3
	1975	1976	1981	
Unemployment, per cent	2.2	3.4	2 ½	
Current account deficit, current prices, 1 000 million marks	8.0	3.7	2 ½	
Current account deficit as a percentage of GDP at current prices	8.1	3.4	1 ½	

<sup>1</sup> Growth rates have been calculated by using an exponential trend determined on the basis of the estimates for 1976—1981.

<sup>2</sup> Investments by public corporations are included in private investment.

amount envisaged above. A factor influencing to this result is the fact that the prices faced by public expenditure tend to rise slightly faster than the average price level, mainly as a result of the labour-intensive nature of the public sector and its slower rate of productivity increase. There is always a tendency for private consumption to increase more than do production prospects, so if state expenditure grows faster than is assumed, then the weakening in real personal income induced by the increased tax burden would inevitably result in strengthened claims for rises in nominal income and an acceleration of inflation. If that should happen, then the chances of restoring balance to the economy on the lines presented above would disappear. To avoid such an

increase in the tax burden, it will therefore be necessary to consider every method of raising the rate of saving and/or reducing the rate of investment.

If the private sector's share of total saving can be increased, there will be no need to keep the tax burden at the level envisaged above; the investment funds needed could then be obtained, to a greater extent than at present, from sources other than the public sector and the international capital market. Significant changes are taking place in the saving and consumption behaviour of the household sector, but some of them are more likely to lower than to raise its rate of saving.

Unless more efficient ways are found to expand and diversify the structure of production, particularly in the open sector of the economy, then the scope for discretion in economic policy will be limited. With structural renewal measures having their effects only in the long term, economic policy will have to concentrate fairly strongly on demand-management. Whether the diversification of production reaches the targets set will largely depend on the channelling of investment. There are signs that events during the coming years will contribute to the solution of this problem. Perhaps the chief sign is that investment needs will decrease in many sectors: housing production can be gradually reduced; the peak in energy investment has been passed, at least for the time being; and heavy infrastructure investment projects in several sectors are now more-or-less complete.

The scenario presented above does envisage satisfactory economic progress, but this depends both on favourable external developments and on the implementation of an economic policy vigorously aimed at the targets as presented in the survey. This will involve particular strains during any forthcoming cyclical upswing, when there is likely to be a temporary improvement in the current account. If as a result of that, demand and price pressures are allowed to break loose, they will completely ruin the chances of reaching equilibrium via

the strategy suggested. More efficient demand-management is a necessary part of balancing the economy, but a long-term solution to the chronic problem of the current account deficit can only be found by strengthening the structure of production. For this purpose, attention has to be paid not only to the promotion of exports and the channelling of investment, but also to the domestic competitive position of Finnish products.

## SUMMARY

The prospects for balancing and developing the Finnish economy during the coming five-year period have been dealt with above. The most essential targets implied can be summarized as follows:

- the current account should be balanced so that, the ratio of foreign debt to GDP stops growing before the end of the period under review and declines after 1981;
- the growth of production should be sufficient to maintain a satisfactory level of employment;

- both public and private consumption must be allowed to grow sufficiently to remove any tendency towards net emigration;
- price inflation should be slowed down, or at least kept at the average level prevailing in Finland's competitor countries.

Examination shows that it will be possible to reach these targets, but only on very strict assumptions and conditions, of which the following are the most important:

- that output growth picks up somewhat in the market economics, although the capacity utilization rate will be lower than it was in the 1960s;
- that incomes and prices policies (which greatly affect the rate of price increases) are used actively — and successfully — as weapons against inflation;
- that import-substituting industries are steadily expanded and diversified; and
- that economic policy continues to follow the guidelines issued by the Government on April 1, 1976, i.e., to ensure that the growth of domestic demand in 1976—1981 is slower than in previous years, and specifically that it is slower than the growth of output.

## ITEMS

**Finland's balance of payments January—September 1976.** According to the Bank of Finland's preliminary figures, the current account deficit amounted to 3 360 million marks in January—September, slightly over half the deficit in the corresponding months of 1975. The deficit for the third quarter itself amounted to 1 300 million marks. The current account deficit was financed by the inflow of long-term capital which, in net terms, amounted to 3 300 million marks. The foreign exchange reserves of the Bank of Finland declined by 151 million marks.

The deficit on the trade account was only 3 100 million marks, compared with a 6 400 million mark deficit in the same period in 1975. Export earnings were up by 18 per cent, due both to volume growth and to the continuing of the trend of rising prices which had started during the second quarter. The value of imports grew more rapidly during the third quarter than during the first two, but for the three quarters together was still three per cent below the figure for January—September 1975.

The surplus on the services account amounted to 1 130 million marks; receipts grew slightly faster than expenditure last year, and thus the surplus was 255 million marks more than one year earlier. As a result of the revival in exports, transport receipts increased by 18 per cent from the previous year. Travel receipts amounted to 1 018 million marks, an increase of only seven per cent, whereas travel expenditure was 15 per cent up, at 963 million marks. The surplus on the travel account, which had been 112 million marks in January—September 1975, thus declined to 55 million marks for the same period of 1976.

There was a net increase of 25 per cent in payments of interest expenses and dividends abroad. The deficit on the investment income and transfer payments account amounted to 1 350 million marks.

Drawings of long-term foreign loans totalled 4 739 million marks and amortizations 1 336 million marks. Export credits granted to foreign

## MAJOR BALANCE OF PAYMENTS ITEMS, JANUARY-SEPTEMBER 1976, MILL.MK<sup>1</sup>

	Receipts	Expenditure	Net
Commodity trade (exports f.o.b., imports c.i.f.)	17 002	20 111	—3 109
Adjustment items	—67	—32	—35
Visible trade account	16 935	20 079	—3 144
Transport (c.i.f.)	1 484	591	893
Travel	1 018	963	55
Other services	1 615	1 435	180
Invisible trade account	4 117	2 989	1 128
VISIBLE AND INVISIBLE TRADE ACCOUNT	21 052	23 068	—2 016
Investment income, net	289	1 558	—1 269
Transfer payments	76	154	—78
A. CURRENT ACCOUNT	21 417	24 780	—3 363
	Change in receiv- ables	Change in liabilities	Net
Long-term financial loans and suppliers' credits: drawings	—456	4 739	4 283
redemptions	323	—1 336	—1 013
Direct investment	—86	147	61
Other long-term capital	—47	—35	—82
B. LONG-TERM CAPITAL ACCOUNT	—266	3 515	3 249
BASIC BALANCE (A + B)			—114
Prepayments and liabilities related to imports		—217	—217
Prepayments and receivables related to exports	—443	723	280
Errors and omissions			743
Other short-term capital			—309
C. SHORT-TERM CAPITAL ACCOUNT			497
OVERALL BALANCE (A + B + C)			383
Change in the foreign exchange reserves of the Bank of Finland			151
Change in net short-term foreign receivables of other foreign ex-change holders			—534

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

<sup>1</sup> Preliminary figures

customers totalled 460 million marks, while redemptions of similar loans outstanding amounted to 320 million marks. Foreign direct investment in Finland amounted to 147 million marks, while Finnish direct investment abroad was 86 million marks.

The net inflow of short-term capital (incl. statistical discrepancy) amounted to 500 million marks, only some 20 per cent of the inflow of short-term capital in the corresponding period of 1975.

The surplus on the Overall Balance amounted to 383 million marks. The foreign exchange reserves of the Bank of Finland declined by 151 million marks, while the foreign exchange liabilities of other foreign exchange holders were reduced by 534 million marks. The Bank of Finland's tied foreign exchange reserves amounted to 355 million marks at the end of September 1976, and its convertible foreign exchange reserves amounted to 1 272 million marks, declines of 13 million marks and 138 million marks respectively since the end of 1975.

**Aarre Simonen.** Mr. Aarre Simonen, Lic. Jur., Deputy Governor of the Bank of Finland, died in Helsinki on February 3 at the age of 63. Mr. Simonen was appointed to the Board of Management of the Bank of Finland in 1957 and became Deputy Governor in 1972. Mr. Simonen was a Cabinet Minister five times, a Member of Parliament for over ten years and was elected three times to the Electoral College to choose the President of the Republic. In addition Mr. Simonen held some other directorships and served on the Advisory Boards of many state-owned companies.

**Appointment of a Director at the Bank.**

On December 17, 1976, the Bank Supervisors delegated by Parliament appointed Mr. Kari Nars, Lic. Pol. Sc., Director of the Council of Economic Organizations in Finland, to the post of Director of the Bank of Finland as from February 1, 1977. Mr. Nars succeeds Mr. Jorma Aranko, who has taken up a post as Member of the Board of Management of the Central Bank of the Co-operative Banks of Finland Ltd.

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# BANK OF FINLAND

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## Board of Management

Mauno Koivisto

*Governor*

Ahti Karjalainen

*Absent as a Member  
of Government*

Päiviö Hetemäki

Pentti Uusivirta

Rolf Kullberg

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## Directors

Jouko J. Voutilainen

Markku Puntila

Seppo Lindblom

Eino Helenius

Pentti Koivikko

Kari Nars

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## Senior officials

Pertti Kukkonen

*Director, ADP-planning*

Reino Airikkala

*Monetary Policy*

Pekka Tukiainen

*Domestic Financial  
Operations*

Kari Pekonen

*Foreign Exchange Policy*

Raine Panula

*Foreign Exchange*

Raili Nuortila

*Eastern Trade*

Antti Lehtinen

*Capital Transfers*

J. Ojala

*Foreign Exchange Control*

Kari Puumanen

*Economics Dept.*

Heikki Koskenkylä

*Research Dept.*

Heikki T. Hämäläinen

*Administration and Legal Affairs*

A. Nenonen

*Foreign Correspondence*

Eino Suomela

*Internal Audit*

K. Eirola

*Automatic Data Processing*

Pauli Kanerva

*Personnel Administration and  
General Affairs*

Stig G Björklund

*Banking Services*

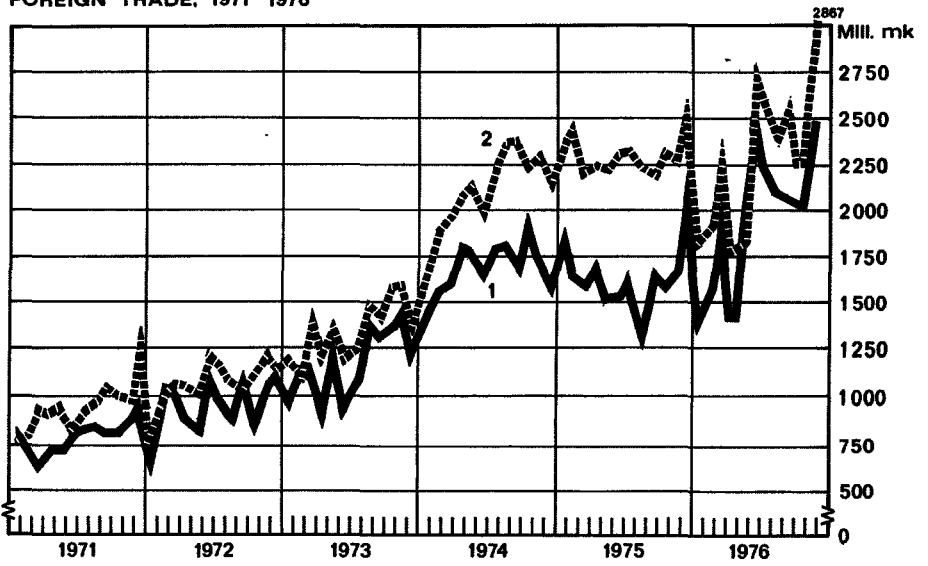
Antti Luukka

*Cash*

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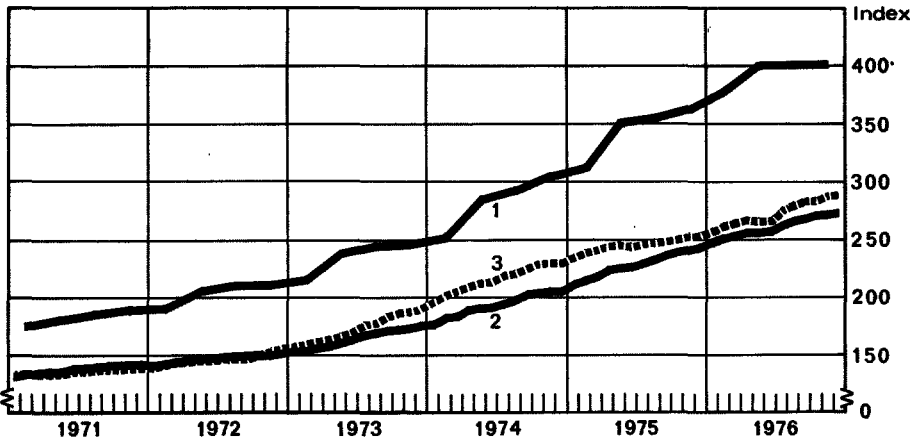
**FOREIGN TRADE, 1971-1976**

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



**PRICES AND WAGES, 1971-1976**

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



**PRODUCTION, 1971-1976**

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

