



# BANK OF FINLAND

*Monthly Bulletin*

Finland's foreign assets and liabilities

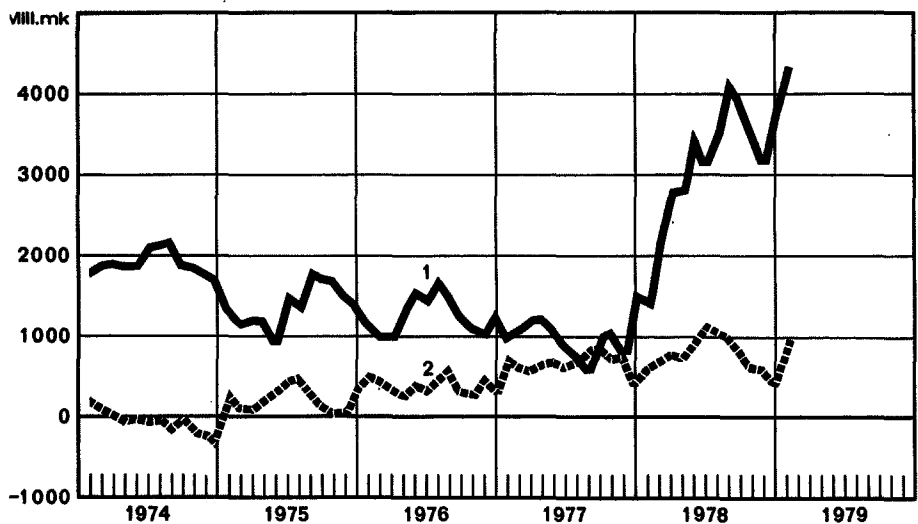
Employment in Finland in the 1970s

Amendments to the Foreign Exchange  
Regulations

**MARCH 1979**

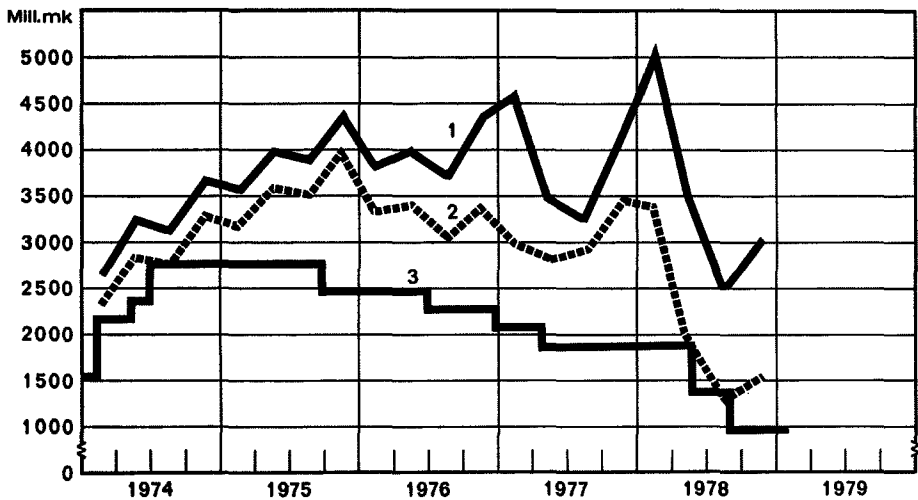
**Vol. 53 No. 3**

**BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1974-79**



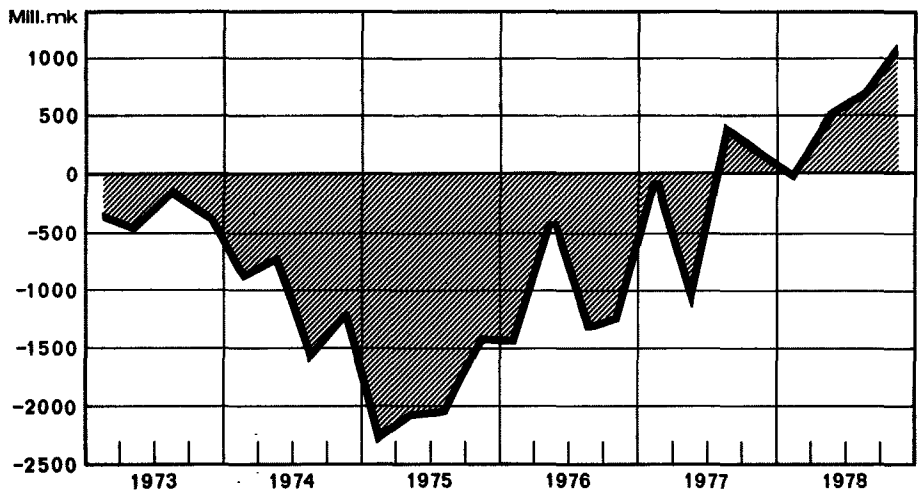
- 1. Gold and convertible currencies
- 2. Tied currencies

**COMMERCIAL BANKS' CENTRAL BANK FINANCING, 1974-79**



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

**BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1973-78**



Seasonally adjusted quarterly figures

# FINLAND'S FOREIGN ASSETS AND LIABILITIES

The external balance of the Finnish economy continued to improve in 1978. The current account showed a surplus of 2 300 million marks, as against a deficit of 700 million marks for 1977; a strengthening attributable both to a growth in the volume of exports and to a low level of corporate investment which contributed to a curbing of capital goods imports.

Due to weak investment activity, corporations' demand for long-term foreign capital for financing new investment projects remained slack. On the other hand, there was unusually high demand by corporations for new foreign loans to finance redemptions of loans which were too short-term relative to the period of returns on investment.

As a result of the favourable developments in both the international capital market and the external balance of the Finnish economy, the needs of corporations and the financial institutions for long-term foreign capital and the sharply increasing central government borrowing requirement could be met without departing from the general line of financial policy.

Owing to favourable developments in the foreign exchange reserves, the Bank of Finland was able to repay the reserve credits it had drawn in 1977 to support the foreign exchange reserve position.

As a result of the current account surplus, the increase in Finland's net foreign debt was stemmed, as shown by the table, although due to exchange rate changes, the decline in net foreign debt was less than the current account surplus. According to preliminary figures, the net debt amounted to 25 090 million marks at the end of last year, or about 2 000 million marks less than at the end of 1977, representing a fall of about 3 percentage points in the ratio of net foreign debt to GDP at market prices, to 19.2 per cent.

Preliminary data indicates a significant change in the structure of Finland's net foreign debt during 1978: the short-term net debt of 1 383 million marks was transformed into net assets of 4 570 million marks. The growth rate of long-term net debt fell from 29 per cent to 15 per cent.

Despite the decline in the net foreign debt, interest expenses on net debt increased by

## FINLAND'S FOREIGN LIABILITIES AND ASSETS, 1974—1978, END-OF-YEAR FIGURES, MILLION MARKS

|   | 1974   | 1975   | 1976   | 1977   | 1978                |
|---|--------|--------|--------|--------|---------------------|
| Long-term liabilities, gross <sup>1</sup>         | 12 650 | 18 902 | 23 721 | 30 356 | 35 444              |
| Long-term assets, gross <sup>1</sup>              | 2 964  | 3 459  | 3 790  | 4 615  | 5 784               |
| Net long-term debt                                | 9 686  | 15 443 | 19 931 | 25 741 | 29 660              |
| Short-term liabilities, gross                     | 12 221 | 15 326 | 15 499 | 16 000 | 14 715 <sup>2</sup> |
| Short-term assets, gross                          | 10 473 | 10 826 | 12 393 | 14 617 | 19 285 <sup>2</sup> |
| Net short-term debt (+)/Net short-term assets (—) | +1 748 | +4 500 | +3 106 | +1 383 | —4 570 <sup>2</sup> |
| Net foreign debt                                  | 11 434 | 19 943 | 23 037 | 27 124 | 25 090 <sup>2</sup> |
| As a percentage of GDP at market prices           | 13.6   | 20.4   | 20.9   | 22.3   | 19.2 <sup>2</sup>   |

<sup>1</sup> The mark values of long-term liabilities and assets have been calculated by using the end-of-year exchange rates.

<sup>2</sup> Preliminary figures.

about 12 per cent in 1978, largely due to a rise in the level of interest rates applied to credits with a variable rate.

At the end of 1978, Finland's gross long-term foreign debt amounted to 35 444 million marks, an increase in the stock of loans outstanding of 5 088 million marks during 1978. A rise in the foreign exchange rates increased the mark value of the debt by 1 635 million marks in the course of the year. The net inflow of long-term capital thus amounted to 3 453 million marks, which was 12 per cent less than in the previous year.

Drawings of long-term foreign loans amounted to the equivalent of 9 273 million marks, or 38 per cent more than in 1977. This growth was markedly affected by the central government's foreign borrowing. In addition, the increase in drawings was attributable to the raising of new loans on more favourable terms, in place of prematurely amortized old loans.

The central government's net drawings of foreign loans quadrupled from the previous year and amounted to 2 988 million marks, raising its share in the total stock of loans outstanding from 12 per cent to 20 per cent.

Corporations' net drawings of foreign loans, at 1 171 million marks, maintained their previous year's level. However, gross drawings and redemptions were substantially larger than in the previous year, which was attributable to the premature repayment of loans and the replacement of these with new loans on more favourable terms. The share of corporations in the total stock of loans outstanding declined slightly, reaching 59 per cent at the end of last year. Net drawings of foreign loans made by financial institutions (excl. the Bank of Finland's drawings) remained at the same level as in the previous year and amounted to 386 million marks, representing 16 per cent of the total stock of loans outstanding.

16 Finnish bond issues, together worth 3 500 million marks, were floated abroad in 1978 (Imatran Voima Oy: Sfr 80 million; Rautaruukki Oy: DM 50 million; the Finnish Government: DM 150 million; the Finnish Government: \$ 100 million; the Finnish Government: 25 000 million yen; the Finnish Government: Dfl 75 million; the Finnish Government: Sfr 80 million; the Finnish Government: \$ 100 million; the Finnish Government: DM 150 million; the Finnish Government: 10 000 million yen; the Finnish Government: 10 000 million yen; the Industrial Bank of Finland Ltd: 15 million EUA; Finnish Export Credit Ltd: KD 7 million; the Industrialization Fund of Finland Ltd: 5 000 million yen; Teollisuuden Voima Oy: DM 80 million; and Teollisuuden Voima Oy: \$ 25 million). The total mark value of the bonds issued was about 3.5 times the value of the issues in the previous year.

The Bank of Finland continued to adopt a cautious attitude towards the use of long-term import and leasing credits. Drawings of these amounted to 634 million marks, or 37 per cent of drawings in the previous year.

Redemptions of gross long-term foreign liabilities almost doubled from the previous year and totalled 5 784 million marks. This increase in redemptions was attributable, not only to the growth in the country's indebtedness in the previous years, but also to repayments of oil and reserve credits and to the above-mentioned premature redemptions. Interest expenses on the gross foreign debt increased by 17 per cent and amounted to 2 620 million marks. Excluding the repayments of oil and reserve credits, debt service charges on the gross debt amounted to 7 006 million marks, 15.9 per cent of current account earnings, as against 13.3 per cent in 1977.

February 22, 1979

## BANK OF FINLAND

Mill. mk

|   | 1978          |               | 1979          |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | Feb. 28       | Dec. 30       | Feb. 8        | Feb. 15       | Feb. 23       | Feb. 28       |
| <b>Assets</b>                             |               |               |               |               |               |               |
| Gold and foreign exchange receivables     | 2 985         | 4 339         | 5 197         | 5 231         | 5 460         | 5 378         |
| Gold                                      | 133           | 169           | 169           | 169           | 169           | 169           |
| Special drawing rights                    | 187           | 316           | 439           | 458           | 458           | 458           |
| IMF reserve tranche                       | —             | 243           | 243           | 243           | 243           | 243           |
| Convertible currencies                    | 1 916         | 3 126         | 3 467         | 3 475         | 3 675         | 3 576         |
| Tied currencies                           | 749           | 485           | 879           | 886           | 915           | 932           |
| Other foreign receivables                 | 2 093         | 1 968         | 2 076         | 2 081         | 2 099         | 2 120         |
| Foreign bills <sup>1</sup>                | 484           | —             | —             | —             | —             | —             |
| Foreign bonds                             | 681           | 872           | 979           | 984           | 1 002         | 1 023         |
| Mark subscription to Finland's IMF quota  | 928           | 1 096         | 1 097         | 1 097         | 1 097         | 1 097         |
| Receivables from financial institutions   | 5 505         | 3 695         | 3 902         | 4 898         | 3 957         | 3 923         |
| Cheque accounts of the commercial banks   | 149           | 137           | 133           | 142           | 133           | 169           |
| Discounted bills                          | 2 658         | 970           | 929           | 929           | 926           | 891           |
| Bonds                                     | 535           | 361           | 380           | 369           | 352           | 404           |
| Call money market advances                | 2 124         | 2 213         | 2 432         | 3 430         | 2 519         | 2 431         |
| Other financial institution receivables   | 39            | 14            | 28            | 28            | 27            | 28            |
| Receivables from the public sector        | 401           | 633           | 796           | 797           | 796           | 798           |
| Government promissory notes               | —             | 188           | 346           | 346           | 346           | 346           |
| Bonds                                     | 64            | 93            | 91            | 91            | 92            | 94            |
| Total coinage                             | 319           | 336           | 340           | 340           | 341           | 341           |
| Other public sector receivables           | 18            | 16            | 19            | 20            | 17            | 17            |
| Receivables from corporations             | 1 504         | 1 948         | 1 965         | 1 974         | 1 976         | 1 973         |
| Financing of exports <sup>2</sup>         | 208           | 904           | 887           | 883           | 889           | 886           |
| Financing of domestic deliveries          | 784           | 752           | 777           | 780           | 784           | 783           |
| Bonds                                     | 209           | 207           | 203           | 203           | 202           | 202           |
| Other corporate receivables               | 303           | 85            | 98            | 100           | 101           | 102           |
| Other assets                              | 60            | 64            | 67            | 66            | 66            | 66            |
| <b>Total</b>                              | <b>12 548</b> | <b>12 647</b> | <b>14 003</b> | <b>15 043</b> | <b>14 354</b> | <b>14 258</b> |
| <b>Liabilities</b>                        |               |               |               |               |               |               |
| Foreign exchange liabilities              | 55            | 60            | 55            | 52            | 54            | 56            |
| Convertible accounts                      | 36            | 46            | 42            | 39            | 42            | 44            |
| Tied accounts                             | 19            | 14            | 13            | 13            | 12            | 12            |
| Other foreign liabilities                 | 3 393         | 2 195         | 2 335         | 2 335         | 2 335         | 2 213         |
| IMF mark accounts                         | 1 838         | 1 881         | 1 881         | 1 881         | 1 881         | 1 759         |
| Allocations of special drawing rights     | 300           | 314           | 454           | 454           | 454           | 454           |
| Term liabilities                          | 1 255         | —             | —             | —             | —             | —             |
| Notes and coins in circulation            | 3 040         | 2 822         | 3 480         | 3 498         | 3 564         | 3 653         |
| Notes                                     | 2 759         | 3 509         | 3 176         | 3 194         | 3 259         | 3 348         |
| Coins                                     | 281           | 313           | 304           | 304           | 305           | 305           |
| Deposit certificates in circulation       | 180           | 1 090         | 1 718         | 1 718         | 1 718         | 1 718         |
| Claims of financial institutions          | 2 441         | 2 520         | 3 462         | 4 492         | 3 730         | 3 663         |
| Cheque account of Postipankki             | 0             | 1             | 0             | 0             | 1             | 0             |
| Cheque accounts of the commercial banks   | 1             | 1             | 1             | 1             | 1             | 1             |
| Call money market deposits                | 2 056         | 2 075         | 2 905         | 3 921         | 3 183         | 3 135         |
| Capital import deposits                   | 290           | 405           | 504           | 503           | 503           | 494           |
| Other financial institution claims        | 94            | 38            | 52            | 67            | 42            | 33            |
| Claims of the public sector               | 297           | 114           | 113           | 114           | 114           | 114           |
| Cheque accounts                           | 0             | 2             | 0             | 0             | 0             | 0             |
| Counter-cyclical reserves                 | 38            | 40            | 40            | 40            | 40            | 40            |
| Capital import deposits                   | 258           | 70            | 70            | 71            | 71            | 71            |
| Other public sector claims                | 1             | 2             | 3             | 3             | 3             | 3             |
| Claims of corporations                    | 331           | 356           | 351           | 343           | 341           | 341           |
| Deposits for investment and ship purchase | 33            | 32            | 31            | 31            | 30            | 30            |
| Capital import deposits                   | 279           | 303           | 305           | 296           | 296           | 297           |
| Import levy deposits                      | 17            | 6             | 5             | 5             | 5             | 5             |
| Other corporate claims                    | 2             | 15            | 10            | 11            | 10            | 9             |
| Other liabilities                         | 15            | 12            | 14            | 13            | 13            | 13            |
| Equalization accounts                     | 711           | 350           | 332           | 332           | 336           | 335           |
| Capital accounts                          | 2 085         | 2 128         | 2 143         | 2 146         | 2 149         | 2 152         |
| Primary capital                           | 1 400         | 1 400         | 1 400         | 1 400         | 1 400         | 1 400         |
| Reserve fund                              | 545           | 545           | 636           | 636           | 636           | 636           |
| Undisposed profits                        | 109           | —             | 92            | 92            | 92            | 92            |
| Net earnings                              | 31            | 183           | 15            | 18            | 21            | 24            |
| <b>Total</b>                              | <b>12 548</b> | <b>12 647</b> | <b>14 003</b> | <b>15 043</b> | <b>14 354</b> | <b>14 258</b> |

<sup>1</sup> From Dec. 31, 1978 included in Financing of exports. <sup>2</sup> Until Dec. 31, 1978 New export bills.

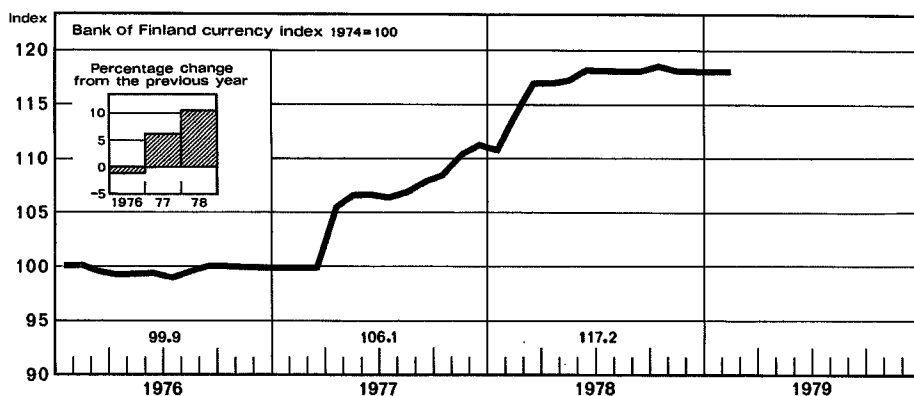
| End of year or month | Foreign sector                            |                                  |  |                        |                   |                   | Public sector             |             |             |                       | Deposit certificates in circulation |
|----------------------|---|----------------------------------|--|------------------------|-------------------|-------------------|---------------------------|-------------|-------------|-----------------------|-------------------------------------|
|                      | Gold and convertible exchange receivables | Convertible exchange liabilities | Gold and convertible exchange reserves (1-2) | Tied exchange reserves | Other receivables | Other liabilities | Net receivables (3+4+5-6) | Receivables | Liabilities | Net liabilities (9-8) |                                     |
|                      | 1   | 2                                | 3  | 4                      | 5                 | 6                 | 7                         | 8           | 9           | 10                    | 11                                  |
| 1972                 | 2 613                                     | 43                               | 2 570  | — 6                    | 757               | 788               | 2 533                     | 175         | 49          | -126                  | 790                                 |
| 1973                 | 1 928                                     | 65                               | 1 863  | 210                    | 803               | 788               | 2 088                     | 200         | 534         | 334                   | 1 450                               |
| 1974                 | 1 784                                     | 62                               | 1 722  | -388                   | 1 123             | 788               | 1 669                     | 302         | 560         | 258                   | 1 040                               |
| 1975                 | 1 488                                     | 78                               | 1 410  | 368                    | 1 274             | 1 385             | 1 667                     | 339         | 1 301       | 962                   | 250                                 |
| 1976                 | 1 361                                     | 50                               | 1 311  | 389                    | 1 660             | 1 923             | 1 437                     | 447         | 1 133       | 686                   | —                                   |
| 1977                 | 1 602                                     | 53                               | 1 549  | 496                    | 1 959             | 3 447             | 557                       | 391         | 328         | - 63                  | 200                                 |
| 1978                 | 3 854                                     | 46                               | 3 808  | 471                    | 1 968             | 2 195             | 4 052                     | 633         | 114         | -519                  | 1 090                               |
| 1978                 |   |                                  |  |                        |                   |                   |                           |             |             |                       |                                     |
| Feb.                 | 2 236                                     | 36                               | 2 200  | 730                    | 2 093             | 3 393             | 1 630                     | 401         | 297         | -104                  | 180                                 |
| March                | 2 854                                     | 40                               | 2 814  | 822                    | 2 142             | 3 391             | 2 387                     | 405         | 288         | -117                  | 0                                   |
| April                | 2 890                                     | 51                               | 2 839  | 785                    | 2 187             | 3 408             | 2 403                     | 382         | 289         | -93                   | —                                   |
| May                  | 3 596                                     | 38                               | 3 558  | 995                    | 2 636             | 3 914             | 3 275                     | 382         | 229         | -153                  | —                                   |
| June                 | 3 284                                     | 98                               | 3 186  | 1 149                  | 2 641             | 3 046             | 3 930                     | 393         | 222         | -171                  | 400                                 |
| July                 | 3 583                                     | 40                               | 3 543  | 1 084                  | 2 659             | 3 038             | 4 248                     | 404         | 203         | -201                  | 760                                 |
| Aug.                 | 4 237                                     | 43                               | 4 194  | 1 019                  | 2 407             | 2 786             | 4 834                     | 453         | 202         | -251                  | 859                                 |
| Sept.                | 4 039                                     | 53                               | 3 986  | 842                    | 2 428             | 2 756             | 4 500                     | 464         | 199         | -265                  | 1 209                               |
| Oct.                 | 3 620                                     | 48                               | 3 572  | 663                    | 2 551             | 2 729             | 4 057                     | 614         | 191         | -423                  | 1 359                               |
| Nov.                 | 3 252                                     | 31                               | 3 221  | 622                    | 2 553             | 2 197             | 4 199                     | 624         | 138         | -486                  | 890                                 |
| Dec.                 | 3 854                                     | 46                               | 3 808  | 471                    | 1 968             | 2 195             | 4 052                     | 633         | 114         | -519                  | 1 090                               |
| 1979                 |   |                                  |  |                        |                   |                   |                           |             |             |                       |                                     |
| Jan.                 | 4 364                                     | 38                               | 4 326  | 983                    | 2 061             | 2 335             | 5 035                     | 791         | 114         | -677                  | 1 718                               |
| Feb.                 | 4 446                                     | 44                               | 4 402  | 920                    | 2 120             | 2 213             | 5 229                     | 798         | 114         | -684                  | 1 718                               |

## FOREIGN EXCHANGE SITUATION

Mill. mk

|                            | Net holdings, Dec. 31, 1977 |        |        | Net holdings, Dec. 31, 1978 |        |       | Change |           |
|----------------------------|-----------------------------|--------|--------|-----------------------------|--------|-------|--------|-----------|
|                            | Bank of Finland             | Other  | Total  | Bank of Finland             | Other  | Total | Dec.   | Jan.—Dec. |
| Gold                       | 133                         | —      | 133    | 169                         | —      | 169   | +36    | +36       |
| Special drawing rights     | 204                         | —      | 204    | 315                         | —      | 315   | +160   | +111      |
| IMF reserve tranche        | —                           | —      | —      | 243                         | —      | 243   | -3     | +243      |
| Convertible currencies     | 1 212                       | -2 785 | -1 573 | 3 080                       | -2 072 | 1 008 | +218   | +2 581    |
| Total                      | 1 549                       | -2 785 | -1 236 | 3 807                       | -2 072 | 1 735 | +411   | +2 971    |
| Non-convertible currencies | 496                         | 146    | 642    | 471                         | 152    | 623   | -158   | -19       |
| Grand total                | 2 045                       | -2 639 | - 594  | 4 278                       | -1 920 | 2 358 | +253   | +2 952    |

| End of year or month | Domestic financial sector           |   |  |                                       |                        | Corporate sector            |                                     |                  |                       | Notes and coins in circulation |
|----------------------|-------------------------------------|---|--|---------------------------------------|------------------------|-----------------------------|-------------------------------------|------------------|-----------------------|--------------------------------|
|                      | Dis-counted and redis-counted bills | Cheque account receivables, net, commercial banks | Demand for call money by deposit banks | Supply of call money by deposit banks | Other liabilities, net | Net receivables (1+2+3-4-5) | Permanent special financing schemes | Liabilities, net | Net receivables (7-8) |                                |
|                      | 1                                   | 2   | 3                                      | 4                                     | 5                      | 6                           | 7                                   | 8                | 9                     | 10                             |
| 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                               | 110   | —                                      | —                                     | -261                   | 3 405                       | 631                                 | 195              | 436                   | 2 462                          |
| 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                          |
| 1978                 |                                     |   |  |                                       |                        |                             |                                     |                  |                       |                                |
| Feb.                 | 2 658                               | 149   | 2 124                                  | 2 056                                 | -189                   | 3 064                       | 1 504                               | 331              | 1 173                 | 3 040                          |
| March                | 2 454                               | 122   | 1 894                                  | 2 034                                 | - 88                   | 2 524                       | 1 477                               | 386              | 1 091                 | 3 333                          |
| April                | 2 346                               | 154   | 1 444                                  | 1 653                                 | -236                   | 2 527                       | 1 483                               | 389              | 1 094                 | 3 302                          |
| May                  | 2 004                               | 119   | 1 331                                  | 1 781                                 | 63                     | 1 610                       | 1 386                               | 416              | 970                   | 3 271                          |
| June                 | 1 607                               | 106   | 1 495                                  | 1 629                                 | 37                     | 1 542                       | 1 311                               | 386              | 925                   | 3 572                          |
| July                 | 1 571                               | 83  | 1 408                                  | 1 623                                 | 34                     | 1 405                       | 1 297                               | 304              | 993                   | 3 520                          |
| Aug.                 | 1 320                               | 80  | 1 229                                  | 1 628                                 | 108                    | 893                         | 1 288                               | 505              | 783                   | 3 414                          |
| Sept.                | 1 107                               | 77  | 1 680                                  | 1 298                                 | 59                     | 1 507                       | 1 311                               | 372              | 939                   | 3 538                          |
| Oct.                 | 1 113                               | 69  | 2 013                                  | 1 413                                 | 87                     | 1 695                       | 1 298                               | 344              | 954                   | 3 431                          |
| Nov.                 | 968                                 | 168   | 1 995                                  | 1 821                                 | 60                     | 1 250                       | 1 297                               | 360              | 937                   | 3 492                          |
| Dec.                 | 970                                 | 136   | 2 213                                  | 2 075                                 | 69                     | 1 175                       | 1 656                               | 64               | 1 592                 | 3 822                          |
| 1979                 |                                     |   |  |                                       |                        |                             |                                     |                  |                       |                                |
| Jan.                 | 919                                 | 113   | 2 080                                  | 2 573                                 | 183                    | 356                         | 1 680                               | 71               | 1 609                 | 3 512                          |
| Feb.                 | 891                                 | 168   | 2 431                                  | 3 135                                 | 95                     | 260                         | 1 669                               | 37               | 1 632                 | 3 653                          |



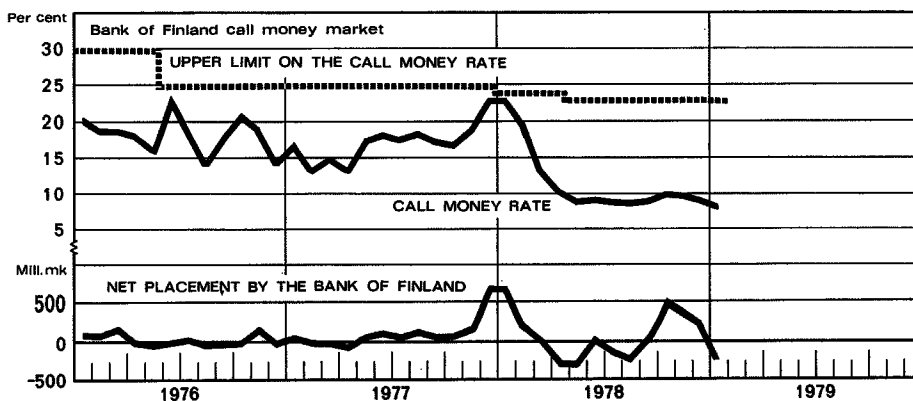
# MONETARY POLICY INDICATORS

| 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 | Bank of Finland placements in the call money market, mill. mk | Basic discount rate % | Call money interest rate % | Average cost of total central bank debt % | Average lending rate of the commercial banks <sup>1</sup> % |
|--------------------|---|--|--|---|-----------------------|----------------------------|---|---|
|                    | 1   | 2  | 3  | 4   | 5                     | 6                          | 7   | 8   |
| 1972               | 805   | 795  | 1 224  |   | 7.75                  |                            | 7.75                                      | 7.87  |
| 1973               | 2 038   | 1 815  | 1 333  |   | 8.50                  |                            | 9.99                                      | 8.65  |
| 1974               | 3 204   | 2 840  | 2 494  |   | 9.25                  |                            | 10.57                                     | 9.52  |
| 1975               | 4 000   | 3 611  | 2 725  | 239 <sup>2</sup>  | 9.25                  | 26.80 <sup>2</sup>         | 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  |
| 1978               |   |  |  |   |                       |                            |   |   |
| Feb.               | 5 405   | 3 485  | 1 900  | 244   | 8.25                  | 19.77                      | 10.41                                     | 8.83  |
| March              | 4 822   | 2 821  | 1 900  | — 36  | 8.25                  | 13.08                      | 8.31                                      | 8.82  |
| April              | 3 950   | 2 325  | 1 900  | —331  | 8.25                  | 10.18                      | 8.89                                      | 8.84  |
| May                | 3 586   | 1 965  | 1 900  | —337  | 7.25                  | 9.12                       | 7.51                                      | 7.99  |
| June               | 3 110   | 1 611  | 1 400  | — 28  | 7.25                  | 9.43                       | 7.05                                      | 7.99  |
| July               | 2 700   | 1 452  | 1 400  | —182  | 7.25                  | 9.14                       | 7.87                                      | 7.86  |
| Aug.               | 2 552   | 1 260  | 1 400  | —271  | 7.25                  | 8.97                       | 7.61                                      | 7.94  |
| Sept.              | 2 373   | 1 253  | 1 000  | 100   | 7.25                  | 9.18                       | 7.90                                      | 7.88  |
| Oct.               | 2 961   | 1 754  | 1 000  | 524   | 7.25                  | 10.04                      | 8.59                                      | 7.88  |
| Nov.               | 3 105   | 1 573  | 1 000  | 421   | 7.25                  | 9.85                       | 8.31                                      | 7.86  |
| Dec.               | 3 134   | 1 397  | 1 000  | 287   | 7.25                  | 9.29                       | 7.94                                      | 7.87  |
| 1979               |   |  |  |   |                       |                            |   |   |
| Jan.               | 3 334   | 838  | 1 000  | —243  | 7.25                  | 8.48                       | 7.68                                      | ..  |
| Feb.               | 3 814   | 553  | 1 000  | —509  | 7.25                  | 8.40                       | ..  | ..  |

See explanations on page 22.

<sup>1</sup> End of period.

<sup>2</sup> 1. 9.—31. 12. 1975.



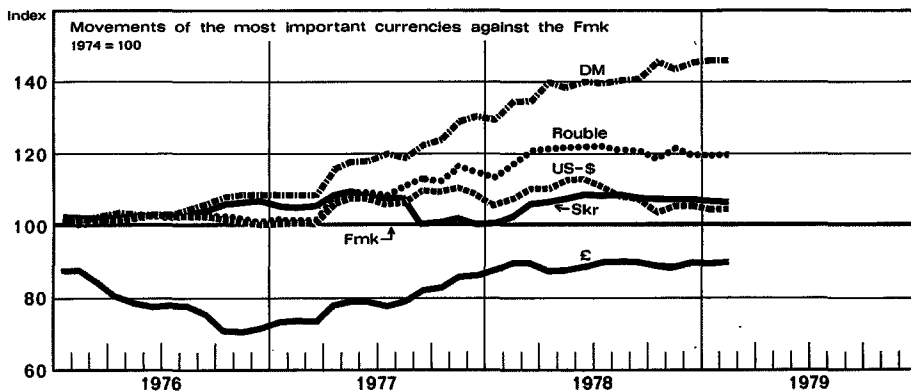


# FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange, mk

| Period | New York       | London     | Stockholm      | Oslo           | Copenhagen     | Frankfurt     | Zurich         | Paris         | Moscow          | Currency<br>index<br>1974 = 100 |
|--------|----------------|------------|----------------|----------------|----------------|---------------|----------------|---------------|-----------------|---------------------------------|
|        | 1 US \$<br>USD | 1 £<br>GBP | 100 Skr<br>SEK | 100 Nkr<br>NOK | 100 Dkr<br>DKK | 100 DM<br>DEM | 100 Sfr<br>CHF | 100 FF<br>FRF | 1 CI Rbl<br>SUR |                                 |
|        | 1              | 2          | 3              | 4              | 5              | 6             | 7              | 8             | 9               | 10                              |
| 1972   | 4.146          | 10.368     | 87.20          | 62.97          | 59.72          | 130.07        | 108.64         | 82.25         | 4.960           | 102.1                           |
| 1973   | 3.816          | 9.355      | 87.76          | 66.64          | 63.47          | 144.34        | 121.22         | 86.10         | 5.159           | 102.5                           |
| 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                           |
| 1978   |                |            |                |                |                |               |                |               |                 |                                 |
| Feb.   | 4.090          | 7.961      | 88.54          | 78.56          | 72.57          | 197.72        | 215.72         | 84.97         | 5.882           | 114.1                           |
| March  | 4.180          | 7.998      | 90.98          | 78.80          | 74.97          | 205.63        | 220.47         | 89.04         | 6.080           | 117.3                           |
| April  | 4.193          | 7.777      | 91.42          | 78.50          | 75.05          | 205.73        | 220.71         | 91.80         | 6.099           | 117.2                           |
| May    | 4.281          | 7.800      | 92.22          | 78.89          | 75.38          | 203.57        | 218.15         | 92.42         | 6.130           | 117.5                           |
| June   | 4.285          | 7.887      | 93.22          | 79.61          | 76.27          | 205.94        | 227.55         | 93.87         | 6.132           | 118.5                           |
| July   | 4.209          | 7.995      | 92.96          | 78.33          | 75.41          | 205.21        | 233.82         | 95.13         | 6.137           | 118.5                           |
| Aug.   | 4.113          | 8.005      | 92.96          | 78.57          | 75.15          | 206.32        | 247.18         | 94.93         | 6.079           | 118.5                           |
| Sept.  | 4.076          | 7.994      | 92.40          | 78.50          | 75.28          | 207.03        | 259.64         | 93.81         | 6.091           | 118.5                           |
| Oct.   | 3.939          | 7.919      | 92.07          | 80.23          | 77.20          | 214.03        | 256.37         | 93.81         | 5.988           | 118.7                           |
| Nov.   | 4.008          | 7.885      | 92.04          | 79.53          | 76.58          | 211.17        | 240.28         | 92.57         | 6.117           | 118.5                           |
| Dec.   | 4.012          | 7.988      | 91.88          | 79.16          | 76.88          | 213.79        | 239.61         | 93.30         | 6.002           | 118.5                           |
| 1979   |                |            |                |                |                |               |                |               |                 |                                 |
| Jan.   | 3.967          | 7.970      | 91.55          | 78.66          | 77.65          | 214.91        | 237.78         | 93.88         | 6.018           | 118.5                           |
| Feb.   | 3.979          | 7.990      | 91.38          | 78.40          | 77.64          | 214.63        | 237.79         | 93.46         | 6.018           | 118.5                           |

See explanations on page 22.



# DEPOSITS BY THE PUBLIC<sup>1</sup>

Mill. mk

| End of year and month | Demand deposits  |                              |              |                   | Time deposits    |               |              |              |                   | Total (4+9) |
|-----------------------|------------------|------------------------------|--------------|-------------------|------------------|---------------|--------------|--------------|-------------------|-------------|
|                       | Commercial banks | Savings banks & Co-op. banks | Posti-pankki | All deposit banks | Commercial banks | Savings banks | Co-op. banks | Posti-pankki | All deposit banks |             |
|                       | 1                | 2                            | 3            | 4                 | 5                | 6             | 7            | 8            | 9                 | 10          |
| 1974                  | 2 723            | 913                          | 1 638        | 5 274             | 10 811           | 8 279         | 6 299        | 2 646        | 28 035            | 33 309      |
| 1975                  | 3 472            | 1 181                        | 2 309        | 6 962             | 12 176           | 9 743         | 7 530        | 3 200        | 32 649            | 39 611      |
| 1976                  | 3 071            | 1 357                        | 2 336        | 6 764             | 13 282           | 11 051        | 8 610        | 3 665        | 36 608            | 43 372      |
| 1977                  | 2 948            | 1 506                        | 2 212        | 6 666             | 14 999           | 12 671        | 9 846        | 4 177        | 41 693            | 48 359      |

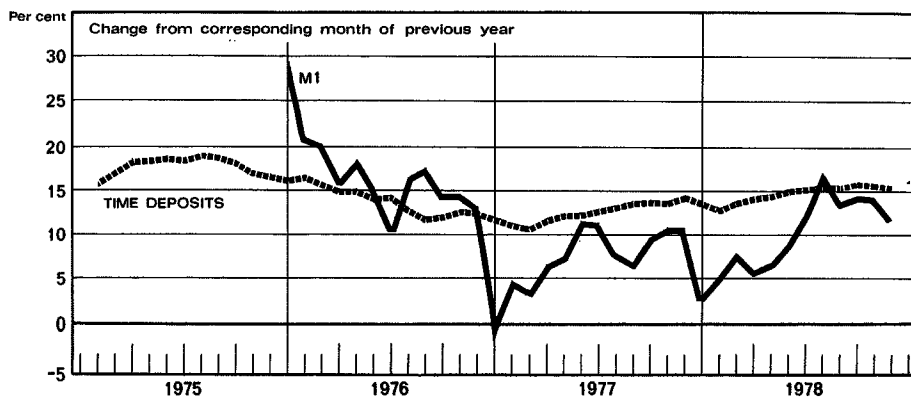
## 1977

|       |       |       |       |       |        |        |       |       |        |        |
|-------|-------|-------|-------|-------|--------|--------|-------|-------|--------|--------|
| July  | 3 031 | 1 407 | 2 131 | 6 569 | 13 828 | 11 995 | 9 330 | 3 954 | 39 107 | 45 676 |
| Aug.  | 3 271 | 1 486 | 2 049 | 6 806 | 13 960 | 12 120 | 9 474 | 3 989 | 39 543 | 46 349 |
| Sept. | 3 042 | 1 431 | 2 053 | 6 526 | 13 966 | 12 101 | 9 471 | 3 978 | 39 516 | 46 042 |
| Oct.  | 3 147 | 1 495 | 2 027 | 6 669 | 14 167 | 12 152 | 9 491 | 4 012 | 39 822 | 46 491 |
| Nov.  | 3 342 | 1 508 | 2 027 | 6 877 | 14 382 | 12 350 | 9 697 | 4 066 | 40 495 | 47 372 |
| Dec.  | 2 948 | 1 506 | 2 212 | 6 666 | 14 999 | 12 671 | 9 846 | 4 177 | 41 693 | 48 359 |

## 1978

|       |       |       |       |       |        |        |        |       |        |        |
|-------|-------|-------|-------|-------|--------|--------|--------|-------|--------|--------|
| Jan.  | 3 096 | 1 351 | 2 330 | 6 777 | 14 890 | 12 747 | 9 903  | 4 203 | 41 743 | 48 520 |
| Feb.  | 3 106 | 1 468 | 2 478 | 7 052 | 15 191 | 12 901 | 9 996  | 4 243 | 42 331 | 49 383 |
| March | 2 922 | 1 420 | 2 340 | 6 682 | 15 350 | 13 058 | 10 107 | 4 363 | 42 878 | 49 560 |
| April | 3 068 | 1 414 | 2 415 | 6 897 | 15 596 | 13 190 | 10 225 | 4 368 | 43 379 | 50 276 |
| May   | 3 550 | 1 541 | 2 304 | 7 395 | 15 975 | 13 287 | 10 277 | 4 393 | 43 932 | 51 327 |
| June  | 3 713 | 1 517 | 2 359 | 7 589 | 16 210 | 13 523 | 10 458 | 4 485 | 44 676 | 52 265 |
| July  | 3 712 | 1 594 | 2 352 | 7 658 | 16 440 | 13 679 | 10 567 | 4 600 | 45 286 | 52 944 |
| Aug.  | 3 716 | 1 718 | 2 237 | 7 671 | 16 323 | 13 956 | 10 796 | 4 681 | 45 756 | 53 427 |
| Sept. | 3 475 | 1 699 | 2 226 | 7 400 | 16 328 | 14 008 | 10 818 | 4 707 | 45 861 | 53 261 |
| Oct.  | 3 792 | 1 756 | 2 106 | 7 654 | 16 484 | 14 081 | 10 890 | 4 696 | 46 151 | 53 805 |
| Nov.  | 3 774 | 1 793 | 2 039 | 7 606 | 16 550 | 14 342 | 11 139 | 4 820 | 46 851 | 54 457 |

<sup>1</sup> New series. See explanations on page 18.



ADVANCES TO THE PUBLIC<sup>1</sup> — MONEY SUPPLY<sup>1</sup>

Mill. mk

| End of year and month | Advances granted by |               |              |              | Types of advances                  |                |                                      | Money Supply            |                |                             |
|-----------------------|---------------------|---------------|--------------|--------------|------------------------------------|----------------|--------------------------------------|-------------------------|----------------|-----------------------------|
|                       | Commercial banks    | Savings banks | Co-op. banks | Posti-pankki | Loans & bills in domestic currency | Cheque credits | Domestic credits in foreign currency | Total (1 to 7) (5 to 7) | M <sub>1</sub> | M <sub>1</sub> +Quasi-Money |
|                       | 1                   | 2             | 3            | 4            | 5                                  | 6              | 7                                    | 8                       | 9              | 10                          |
| 1974                  | 17 462              | 7 715         | 6 457        | 4 653        | 33 261                             | 1 136          | 1 890                                | 36 287                  | 7 549          | 35 943                      |
| 1975                  | 20 799              | 9 108         | 7 797        | 5 597        | 38 285                             | 1 281          | 3 735                                | 43 301                  | 9 772          | 43 165                      |
| 1976                  | 22 077              | 10 615        | 9 247        | 6 120        | 42 617                             | 1 569          | 3 873                                | 48 059                  | 9 601          | 47 014                      |
| 1977                  | 24 679              | 12 312        | 10 547       | 6 609        | 47 355                             | 1 690          | 5 102                                | 54 147                  | 9 872          | 52 581                      |

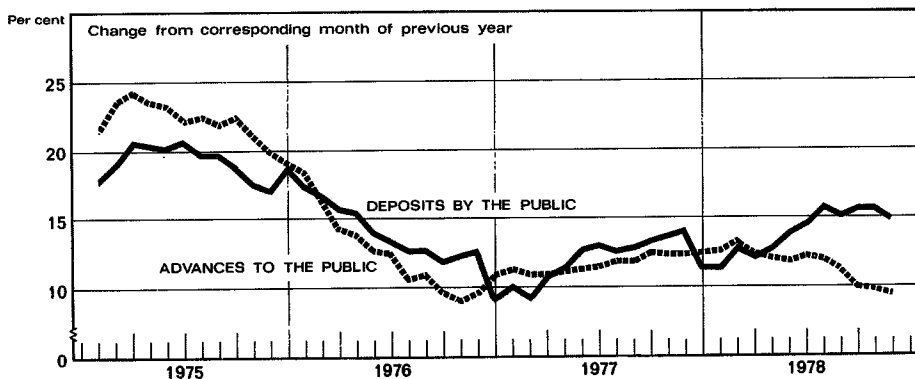
1977

|       |        |        |        |       |        |       |       |        |       |        |
|-------|--------|--------|--------|-------|--------|-------|-------|--------|-------|--------|
| July  | 23 475 | 11 263 | 9 668  | 6 312 | 44 229 | 1 575 | 4 914 | 50 718 | 9 651 | 49 509 |
| Aug.  | 23 598 | 11 430 | 9 791  | 6 351 | 44 670 | 1 660 | 4 840 | 51 170 | 9 818 | 50 103 |
| Sept. | 24 063 | 11 640 | 9 962  | 6 476 | 45 328 | 1 659 | 5 154 | 52 141 | 9 670 | 50 258 |
| Oct.  | 24 149 | 11 823 | 10 120 | 6 598 | 45 946 | 1 717 | 5 027 | 52 690 | 9 732 | 50 614 |
| Nov.  | 24 440 | 12 004 | 10 283 | 6 676 | 46 592 | 1 723 | 5 088 | 53 403 | 9 933 | 51 436 |
| Dec.  | 24 679 | 12 312 | 10 547 | 6 609 | 47 355 | 1 690 | 5 102 | 54 147 | 9 872 | 52 581 |

1978

|       |        |        |        |       |        |       |       |        |        |        |
|-------|--------|--------|--------|-------|--------|-------|-------|--------|--------|--------|
| Jan.  | 24 843 | 12 421 | 10 575 | 6 852 | 47 794 | 1 763 | 5 134 | 54 691 | 9 875  | 52 716 |
| Feb.  | 25 472 | 12 509 | 10 636 | 6 731 | 47 977 | 1 787 | 5 584 | 55 348 | 10 137 | 53 709 |
| March | 25 599 | 12 553 | 10 650 | 6 500 | 47 817 | 1 732 | 5 753 | 55 302 | 10 058 | 54 272 |
| April | 25 820 | 12 661 | 10 743 | 6 488 | 48 095 | 1 641 | 5 976 | 55 712 | 10 272 | 54 990 |
| May   | 25 841 | 12 816 | 10 878 | 6 537 | 48 575 | 1 655 | 5 842 | 56 072 | 10 679 | 55 962 |
| June  | 26 123 | 12 914 | 11 023 | 6 707 | 48 930 | 1 771 | 6 066 | 56 767 | 11 247 | 57 365 |
| July  | 26 017 | 13 048 | 11 148 | 6 753 | 49 217 | 1 761 | 5 988 | 56 966 | 11 351 | 58 025 |
| Aug.  | 25 771 | 13 241 | 11 367 | 6 650 | 49 649 | 1 659 | 5 721 | 57 029 | 11 177 | 58 501 |
| Sept. | 25 774 | 13 477 | 11 596 | 6 682 | 50 317 | 1 769 | 5 443 | 57 529 | 11 071 | 58 328 |
| Oct.  | 25 862 | 13 658 | 11 755 | 6 670 | 51 022 | 1 772 | 5 151 | 57 945 | 11 129 | 58 611 |
| Nov.  | 26 091 | 13 846 | 11 951 | 6 707 | 51 673 | 1 759 | 5 163 | 58 595 | 11 108 | 59 300 |

<sup>1</sup> New series. See explanations on page 22.



## STATE FINANCES

Mill. mk

| Revenue   | Jan.—Nov.     |               | Expenditure   | Jan.—Nov.     |               |
|---|---------------|---------------|---|---------------|---------------|
|   | 1977          | 1978          |   | 1977          | 1978          |
| Income and wealth tax (net)                     | 9 300         | 8 279         | Wages, salaries, pensions etc.                            | 5 246         | 5 725         |
| Gross receipts                                  | (24 197)      | (24 524)      | Repair and maintenance                                    | 728           | 744           |
| Refunds & local authorities                     | (-14 897)     | (-16 245)     | Other consumption expenditure                             | 2 582         | 2 947         |
| Other taxes on income and wealth                | 244           | 258           | Total consumption expenditure                             | 8 556         | 9 416         |
| Employers' child allowance payments             | 1 101         | 977           | State aid to local authorities                            | 6 350         | 7 249         |
| Sales tax                                       | 7 299         | 8 535         | State aid to industries                                   | 4 324         | 4 378         |
| Customs duties and import charges and levies    | 828           | 816           | of which: agric. price subsidies                          | (2 430)       | (2 256)       |
| Excise duties <sup>1</sup>                      | 5 083         | 5 910         | Child allowances  | 1 050         | 1 138         |
| Excise duty on alcoholic beverages <sup>1</sup> | 1 605         | 1 811         | Share in national pensions and sickness insurance schemes | 273           | 295           |
| Excise duty on tobacco                          | 769           | 810           | Other transfer expenditure                                | 3 680         | 4 175         |
| Excise duty on liquid fuel                      | 1 721         | 2 075         | Total transfer expenditure                                | 15 677        | 17 235        |
| Other excise duties <sup>1</sup>                | 988           | 1 214         | Machinery and equipment                                   | 1 196         | 1 261         |
| Tax on autom. and motor-cycles                  | 811           | 802           | Construction of buildings                                 | 572           | 656           |
| Stamp duties                                    | 667           | 718           | Land and waterway construction                            | 1 345         | 1 387         |
| Special diesel etc. vehicles tax                | 118           | 138           | Total real investment                                     | 3 113         | 3 304         |
| Other taxes and similar revenue <sup>1</sup>    | 770           | 773           | Interest on State debt                                    | 367           | 469           |
| Total taxes                                     | 26 221        | 27 206        | Net deficit of State enterprises                          | — 63          | —131          |
| Miscellaneous revenue                           | 1 707         | 1 968         | Other expenditure   | 47            | 46            |
| Interest, dividends etc.                        | 558           | 693           | Total other expenditure                                   | 351           | 384           |
| Redemptions of loans granted                    | 292           | 427           | Increase in inventories                                   | 52            | —131          |
| <b>Total revenue</b>                            | <b>28 778</b> | <b>30 294</b> | Lending   | 2 721         | 2 548         |
| Foreign borrowing                               | 892           | 2 858         | Other financial investment                                | 582           | 448           |
| Domestic borrowing                              | 1 025         | 1 856         | <b>Total expenditure</b>                                  | <b>31 052</b> | <b>33 204</b> |
| <b>Total borrowing</b>                          | <b>1 917</b>  | <b>4 714</b>  | Redemption of foreign loans                               | 108           | 270           |
| <b>Deficit (+) or surplus (—)</b>               | <b>+ 757</b>  | <b>—1 058</b> | Redemption of domestic loans                              | 292           | 476           |
| <b>Total</b>                                    | <b>31 452</b> | <b>33 950</b> | <b>Total redemptions</b>                                  | <b>400</b>    | <b>746</b>    |

<sup>1</sup> New series.

| State debt               | 1975  | 1976  | 1977  | 1978   |        |        |
|--------------------------|-------|-------|-------|--------|--------|--------|
|                          | Dec.  | Dec.  | Dec.  | Sept.  | Oct.   | Nov.   |
| <b>Foreign debt</b>      | 1 603 | 2 248 | 3 679 | 6 404  | 6 301  | 6 492  |
| Loans                    | 1 645 | 2 175 | 2 963 | 3 853  | 4 116  | 4 158  |
| Compensatory obligations | 1     | 1     | 1     | 1      | 1      | 1      |
| Short-term credit        | 85    | 287   | 175   | 312    | 317    | 251    |
| Cash debt (net)          | —242  | —643  | —669  | —346   | —660   | —503   |
| <b>Domestic debt</b>     | 1 489 | 1 820 | 2 470 | 3 820  | 3 774  | 3 907  |
| <b>Total State debt</b>  | 3 092 | 4 068 | 6 149 | 10 224 | 10 075 | 10 399 |
| Total debt, mill \$      | 798   | 1 069 | 1 493 | 2 508  | 2 558  | 2 595  |

# FOREIGN TRADE

Mill. mk

Value mill. mk

| Period | Value mill. mk      |                     |  |
|--------|---------------------|---------------------|--|
|        | Exports<br>f. o. b. | Imports<br>c. i. f. | Surplus of<br>exports (+)<br>or imports<br>(-) |
| 1973   | 14 605              | 16 599              | -1 994   |
| 1974   | 20 687              | 25 666              | -4 979   |
| 1975   | 20 247              | 28 002              | -7 755   |
| 1976   | 24 505              | 28 555              | -4 050   |
| 1977   | 30 931              | 30 708              | +223   |
| 1978*  | 35 209              | 32 322              | +2 887   |

| 1977 |       |       |      |
|------|-------|-------|------|
| Oct. | 2 991 | 2 583 | +408 |
| Nov. | 2 960 | 2 891 | + 69 |
| Dec. | 3 141 | 3 050 | +91  |

| 1978* |       |       |      |
|-------|-------|-------|------|
| Jan.  | 2 511 | 2 631 | -120 |
| Feb.  | 2 524 | 2 188 | +336 |
| March | 2 750 | 2 570 | +180 |
| April | 2 894 | 2 426 | +468 |
| May   | 2 942 | 2 935 | +7   |
| June  | 2 823 | 2 668 | +155 |
| July  | 2 684 | 2 635 | +49  |
| Aug.  | 2 401 | 2 473 | -72  |
| Sept. | 3 240 | 2 718 | +522 |
| Oct.  | 3 437 | 3 040 | +397 |
| Nov.  | 3 639 | 3 132 | +507 |
| Dec.  | 3 364 | 2 906 | +458 |

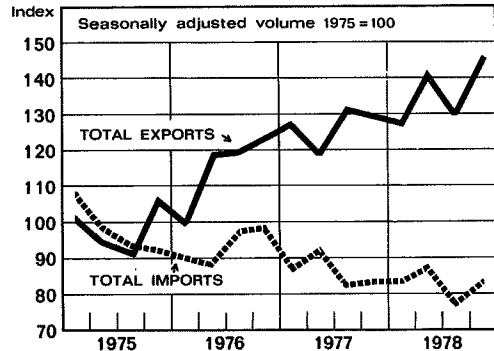
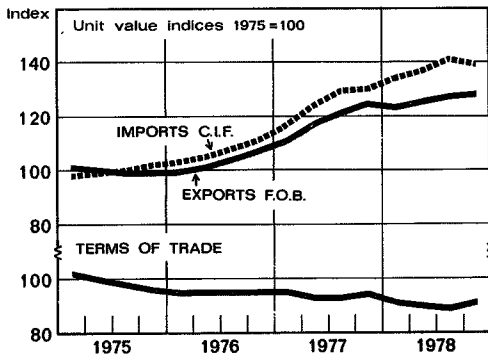
Indices of exports and imports 1975 = 100

| Period | Indices of exports and imports 1975 = 100 |         |            |         |                |
|--------|---|---------|------------|---------|----------------|
|        | Volume                                    |         | Unit value |         | Terms of trade |
|        | Exports                                   | Imports | Exports    | Imports |                |
| 1973   | 121                                       | 93      | 60         | 64      | 94             |
| 1974   | 121                                       | 100     | 85         | 92      | 92             |
| 1975   | 100                                       | 100     | 100        | 100     | 100            |
| 1976   | 117                                       | 96      | 103        | 107     | 97             |
| 1977   | 129                                       | 88      | 119        | 124     | 96             |
| 1978*  | 138                                       | 84      | 126        | 138     | 92             |

| 1976       |     |     |     |     |    |
|------------|-----|-----|-----|-----|----|
| Jan.-March | 99  | 87  | 100 | 104 | 96 |
| Apr.-June  | 114 | 84  | 102 | 106 | 96 |
| July-Sept. | 116 | 98  | 105 | 109 | 96 |
| Oct.-Dec.  | 136 | 107 | 108 | 112 | 96 |

| 1977       |     |    |     |     |    |
|------------|-----|----|-----|-----|----|
| Jan.-March | 123 | 83 | 112 | 117 | 96 |
| Apr.-June  | 115 | 88 | 118 | 125 | 94 |
| July-Sept. | 129 | 84 | 122 | 130 | 94 |
| Oct.-Dec.  | 143 | 93 | 125 | 131 | 95 |

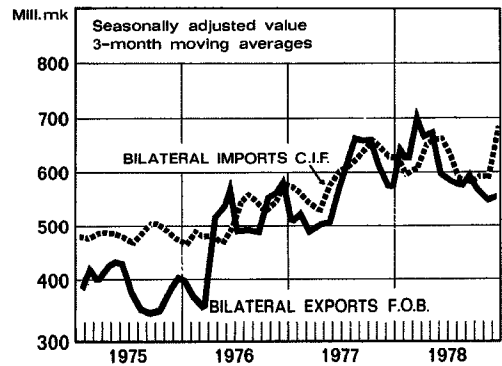
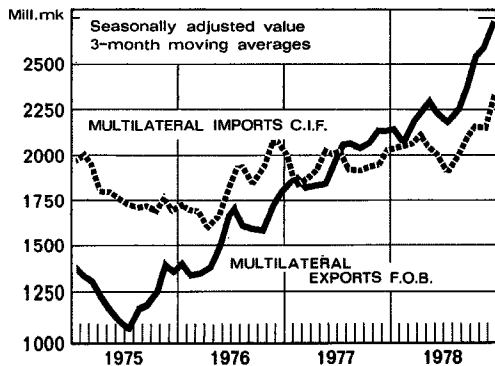
| 1978*      |     |    |     |     |    |
|------------|-----|----|-----|-----|----|
| Jan.-March | 124 | 78 | 124 | 135 | 92 |
| Apr.-June  | 136 | 83 | 126 | 138 | 91 |
| July-Sept. | 128 | 79 | 128 | 142 | 90 |
| Oct.-Dec.  | 160 | 93 | 129 | 140 | 92 |



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

| Period | Exports, f.o.b.                         |                        |                         |                                      |             | Imports, c.i.f.                  |                      |                  |                |             |
|--------|---|------------------------|-------------------------|--------------------------------------|-------------|----------------------------------|----------------------|------------------|----------------|-------------|
|        | Agricultural and other primary products | Wood industry products | Paper industry products | Metal, engineering industry products | Other goods | Raw materials and producer goods | Fuels and lubricants | Finished goods   |                | Other goods |
|        |   |                        |                         |                                      |             |                                  |                      | Investment goods | Consumer goods |             |
| 1973   | 432                                     | 2 458                  | 5 266                   | 2 921                                | 3 528       | 9 916                            | 729                  | 2 919            | 2 968          | 67          |
| 1974   | 464                                     | 3 153                  | 7 872                   | 4 245                                | 4 953       | 16 525                           | 1 978                | 3 857            | 3 282          | 24          |
| 1975   | 449                                     | 2 177                  | 7 225                   | 5 357                                | 5 039       | 17 058                           | 1 670                | 5 222            | 3 989          | 63          |
| 1976   | 804                                     | 2 892                  | 7 860                   | 6 891                                | 6 058       | 17 828                           | 1 581                | 4 966            | 4 103          | 77          |
| 1977   | 1 087                                   | 3 854                  | 8 798                   | 9 184                                | 8 008       | 19 128                           | 2 066                | 4 828            | 4 603          | 83          |
| 1978*  | 968                                     | 4 641                  | 10 402                  | 9 593                                | 9 605       | 20 415                           | 2 224                | 4 801            | 4 830          | 52          |
| 1977*  |   |                        |                         |                                      |             |                                  |                      |                  |                |             |
| Oct.   | 41                                      | 321                    | 753                     | 1 106                                | 770         | 1 650                            | 222                  | 321              | 389            | 1           |
| Nov.   | 44                                      | 417                    | 896                     | 802                                  | 801         | 1 729                            | 198                  | 511              | 453            | 0           |
| Dec.   | 143                                     | 346                    | 836                     | 963                                  | 853         | 1 876                            | 230                  | 526              | 415            | 3           |
| 1978*  |   |                        |                         |                                      |             |                                  |                      |                  |                |             |
| Jan.   | 160                                     | 322                    | 721                     | 656                                  | 652         | 1 567                            | 193                  | 493              | 376            | 2           |
| Feb.   | 34                                      | 266                    | 821                     | 727                                  | 676         | 1 395                            | 124                  | 327              | 340            | 2           |
| March  | 153                                     | 322                    | 901                     | 546                                  | 828         | 1 569                            | 89                   | 475              | 436            | 1           |
| April  | 19                                      | 348                    | 907                     | 799                                  | 821         | 1 445                            | 123                  | 402              | 455            | 1           |
| May    | 113                                     | 431                    | 850                     | 729                                  | 819         | 1 823                            | 199                  | 412              | 501            | 0           |
| June   | 40                                      | 414                    | 873                     | 810                                  | 686         | 1 732                            | 196                  | 376              | 362            | 2           |
| July   | 44                                      | 414                    | 775                     | 756                                  | 695         | 1 700                            | 233                  | 362              | 325            | 15          |
| Aug.   | 33                                      | 330                    | 750                     | 553                                  | 735         | 1 558                            | 215                  | 328              | 370            | 2           |
| Sept.  | 36                                      | 421                    | 948                     | 887                                  | 948         | 1 715                            | 200                  | 396              | 389            | 18          |
| Oct.   | 36                                      | 454                    | 1 002                   | 987                                  | 958         | 1 942                            | 195                  | 448              | 453            | 2           |
| Nov.   | 52                                      | 498                    | 918                     | 1 122                                | 1 049       | 2 061                            | 197                  | 408              | 462            | 4           |
| Dec.   | 248                                     | 421                    | 936                     | 1 021                                | 738         | 1 908                            | 260                  | 374              | 361            | 3           |



FOREIGN TRADE BY COUNTRIES<sup>1</sup>

Mill. mk

| Area and country                     | Exports, f.o.b.  |          |       |          | Imports, c.i.f.  |          |       |          |
|--------------------------------------|------------------|----------|-------|----------|------------------|----------|-------|----------|
|                                      | January—December |          |       |          | January—December |          |       |          |
|                                      | 1977*            |          | 1978* |          | 1977*            |          | 1978* |          |
|                                      | %                | Mill. mk | %     | Mill. mk | %                | Mill. mk | %     | Mill. mk |
| <b>OECD countries in Europe</b>      | 62.2             | 19 236   | 62.0  | 21 843   | 56.8             | 17 444   | 57.9  | 18 724   |
| Austria                              | 0.9              | 274      | 0.7   | 255      | 1.3              | 410      | 1.3   | 420      |
| Belgium and Luxembourg               | 1.8              | 565      | 1.6   | 566      | 1.8              | 557      | 1.8   | 583      |
| Denmark                              | 3.8              | 1 175    | 4.1   | 1 433    | 2.6              | 807      | 2.7   | 873      |
| France                               | 3.3              | 1 029    | 3.8   | 1 339    | 2.7              | 820      | 3.3   | 1 059    |
| Federal Republic of Germany          | 10.1             | 3 119    | 10.1  | 3 547    | 13.7             | 4 208    | 13.5  | 4 356    |
| Italy                                | 1.3              | 398      | 1.7   | 604      | 2.1              | 638      | 2.3   | 733      |
| Netherlands                          | 3.6              | 1 096    | 3.6   | 1 280    | 2.7              | 838      | 2.8   | 914      |
| Norway                               | 5.4              | 1 680    | 5.0   | 1 771    | 3.7              | 1 131    | 2.8   | 894      |
| Portugal                             | 0.3              | 85       | 0.2   | 59       | 0.4              | 112      | 0.3   | 116      |
| Spain                                | 0.9              | 271      | 0.8   | 294      | 1.3              | 414      | 0.9   | 308      |
| Sweden                               | 15.7             | 4 862    | 14.6  | 5 145    | 13.4             | 4 099    | 14.4  | 4 656    |
| Switzerland                          | 1.6              | 483      | 1.7   | 590      | 2.0              | 619      | 2.1   | 670      |
| United Kingdom                       | 11.8             | 3 663    | 12.6  | 4 432    | 8.7              | 2 665    | 9.2   | 2 961    |
| Other                                | 1.7              | 536      | 1.5   | 528      | 0.4              | 126      | 0.5   | 181      |
| <b>OECD countries outside Europe</b> | 6.6              | 2 047    | 6.9   | 2 437    | 8.0              | 2 456    | 8.5   | 2 736    |
| Canada                               | 0.5              | 173      | 0.5   | 177      | 0.3              | 85       | 0.4   | 142      |
| Japan                                | 0.9              | 266      | 1.5   | 518      | 2.8              | 866      | 2.8   | 898      |
| United States                        | 4.4              | 1 370    | 3.9   | 1 387    | 4.7              | 1 435    | 5.0   | 1 624    |
| Other                                | 0.8              | 238      | 1.0   | 355      | 0.2              | 70       | 0.3   | 72       |
| <b>CMEA countries</b>                | 22.3             | 6 897    | 20.6  | 7 233    | 23.8             | 7 296    | 23.1  | 7 466    |
| Czechoslovakia                       | 0.4              | 123      | 0.5   | 153      | 0.4              | 135      | 0.5   | 163      |
| German Democratic Republic           | 0.9              | 266      | 0.7   | 226      | 0.6              | 177      | 0.6   | 202      |
| Poland                               | 0.7              | 228      | 0.6   | 217      | 2.2              | 682      | 2.3   | 730      |
| Soviet Union                         | 19.4             | 6 016    | 17.8  | 6 276    | 19.7             | 6 050    | 18.8  | 6 062    |
| Other                                | 0.9              | 264      | 1.0   | 361      | 0.9              | 252      | 0.9   | 309      |
| <b>Latin America</b>                 | 2.1              | 640      | 2.8   | 986      | 3.5              | 1 079    | 3.3   | 1 061    |
| Argentina                            | 0.2              | 80       | 0.9   | 330      | 0.2              | 53       | 0.2   | 62       |
| Brazil                               | 0.5              | 144      | 0.5   | 166      | 0.6              | 176      | 0.7   | 224      |
| Colombia                             | 0.1              | 25       | 0.1   | 44       | 1.1              | 331      | 1.1   | 360      |
| Other                                | 1.3              | 391      | 1.3   | 446      | 1.6              | 519      | 1.3   | 415      |
| <b>Other</b>                         | 6.8              | 2 111    | 7.7   | 2 710    | 7.9              | 2 433    | 7.2   | 2 335    |
| <b>GRAND TOTAL</b>                   | 100.0            | 30 931   | 100.0 | 35 209   | 100.0            | 30 708   | 100.0 | 32 322   |
| of which                             |                  |          |       |          |                  |          |       |          |
| <b>EFTA countries</b>                | 24.0             | 7 424    | 22.4  | 7 873    | 20.9             | 6 417    | 21.1  | 6 821    |
| <b>EEC countries</b>                 | 36.2             | 11 211   | 38.2  | 13 439   | 34.5             | 10 580   | 35.7  | 11 535   |
| <b>OECD countries</b>                | 68.8             | 21 283   | 68.9  | 24 280   | 64.8             | 19 900   | 66.4  | 21 460   |

<sup>1</sup> New series. See explanations on page 22

# 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 |
|--------|------------------------|------------------------|-----------------------|----------------|-------------|---------------------|-------------------------------------|------------------------|------------------------|-----------------|
| 1975   | 20 181                 | 27 939                 | -7 758                | + 984          | +105        | +217                | -6 452                              | -1 414                 | -108                   | -7 974          |
| 1976   | 24 372                 | 28 472                 | -4 100                | +1 193         | + 22        | +245                | -2 640                              | -1 749                 | -118                   | -4 507          |
| 1977   | 30 766                 | 30 625                 | + 141                 | +1 392         | - 3         | +411                | +1 941                              | -2 434                 | -147                   | - 640           |

## 1975

|            |       |       |        |      |      |      |        |      |     |        |
|------------|-------|-------|--------|------|------|------|--------|------|-----|--------|
| July-Sept. | 4 482 | 6 649 | -2 167 | +237 | +142 | + 57 | -1 731 | -308 | - 6 | -2 045 |
| Oct.-Dec.  | 5 861 | 7 234 | -1 373 | +234 | - 7  | +206 | - 940  | -411 | -30 | -1 381 |

## 1976

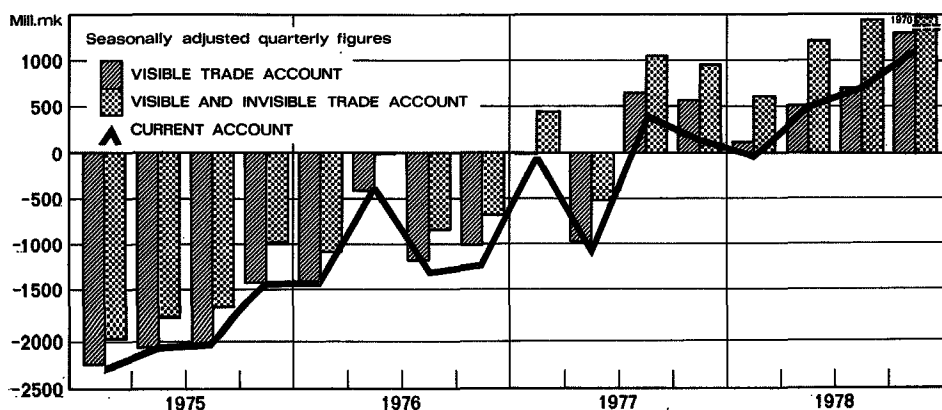
|            |       |       |        |      |      |      |        |      |     |        |
|------------|-------|-------|--------|------|------|------|--------|------|-----|--------|
| Jan.-March | 4 987 | 6 307 | -1 320 | +252 | - 50 | + 65 | -1 053 | -347 | -35 | -1 435 |
| Apr.-June  | 5 864 | 6 224 | - 360  | +252 | + 49 | + 26 | - 33   | -485 | -26 | - 544  |
| July-Sept. | 6 098 | 7 515 | -1 417 | +365 | + 62 | +110 | - 880  | -434 | -17 | -1 331 |
| Oct.-Dec.  | 7 423 | 8 426 | -1 003 | +324 | - 39 | + 44 | - 674  | -483 | -40 | -1 197 |

## 1977

|            |       |       |       |       |      |      |       |       |     |        |
|------------|-------|-------|-------|-------|------|------|-------|-------|-----|--------|
| Jan.-March | 6 977 | 6 765 | + 212 | + 331 | - 80 | + 82 | + 545 | - 506 | -46 | - 7    |
| Apr.-June  | 6 817 | 7 689 | - 872 | + 299 | + 10 | + 49 | - 514 | - 726 | -12 | -1 252 |
| July-Sept. | 7 931 | 7 671 | + 260 | + 377 | +118 | +180 | + 935 | - 532 | -30 | + 373  |
| Oct.-Dec.  | 9 041 | 8 500 | + 541 | + 385 | - 51 | +100 | + 975 | - 670 | -59 | + 246  |

## 1978\*

|            |       |       |       |       |      |      |        |       |     |       |
|------------|-------|-------|-------|-------|------|------|--------|-------|-----|-------|
| Jan.-March | 7 745 | 7 359 | + 386 | + 399 | - 66 | +165 | + 884  | - 613 | -63 | + 208 |
| Apr.-June  | 8 616 | 8 018 | + 598 | + 298 | + 11 | +213 | +1 120 | - 821 | -21 | + 278 |
| July-Sept. | 8 266 | 7 810 | + 456 | + 494 | +222 | +104 | +1 276 | - 643 | -25 | + 608 |



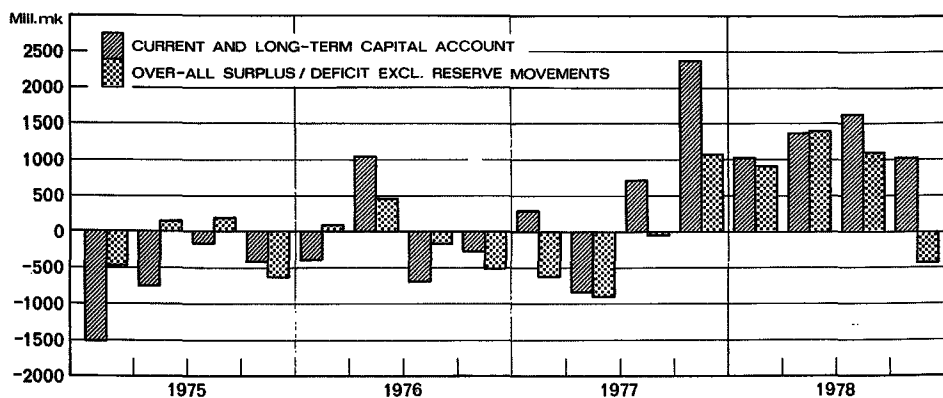


| Drawings of long-term loans | Amortizations of long-term loans | Long-term export credits net | Miscellaneous long-term capital items, net <sup>1</sup> | Long-term capital account | Current and long-term capital account | Short-term import credits and prepayments, net | Short-term export credits and 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 |
| +6 729                      | -1 445                           | -214                         | + 62  | +5 132                    | -2 842                                | + 638  | +1 449   | + 8  | - 747  | - 444             | +1191                          |
| +6 130                      | -1 785                           | -191                         | + 48  | +4 202                    | - 305                                 | + 138  | -1 288   | +1 327   | - 128  | + 78              | + 50                           |
| +6 454                      | -2 745                           | -241                         | -229  | +3 239                    | +2 599                                | -1 547   | - 470  | -1 071   | - 489  | - 170             | + 659                          |
| +2 121                      | - 287                            | - 3                          | + 57  | +1 888                    | - 157                                 | + 131  | - 34   | + 265  | + 205  | + 91              | - 296                          |
| +1 532                      | - 415                            | -139                         | - 15  | + 963                     | - 418                                 | + 337  | - 33   | - 518  | - 632  | + 165             | + 467                          |
| +1 404                      | - 374                            | + 5                          | + 11  | +1 046                    | - 389                                 | - 628  | + 119  | + 996  | + 98   | + 373             | - 471                          |
| +2 096                      | - 394                            | - 95                         | - 7   | +1 600                    | +1 056                                | - 158  | + 120  | - 560  | + 458  | - 485             | + 27                           |
| +1 239                      | - 568                            | - 11                         | - 25  | + 635                     | - 696                                 | + 565  | - 764  | + 722  | - 173  | + 263             | - 90                           |
| +1 391                      | - 449                            | - 90                         | + 69  | + 921                     | - 276                                 | + 359  | - 763  | + 169  | - 511  | - 73              | + 584                          |
| +1 022                      | - 550                            | -127                         | - 24  | + 321                     | + 314                                 | - 799  | + 149  | - 269  | - 605  | - 140             | + 745                          |
| +1 273                      | - 857                            | + 35                         | - 37  | + 414                     | - 838                                 | - 333  | + 149  | + 116  | - 906  | + 358             | + 548                          |
| +1 252                      | - 647                            | -156                         | - 89  | + 360                     | + 733                                 | + 227  | - 384  | - 631  | - 55   | - 319             | + 374                          |
| +2 907                      | - 691                            | + 7                          | - 79  | +2 144                    | +2 390                                | - 642  | - 384  | - 287  | +1 077   | - 69              | -1 008                         |
| +1 876                      | - 854                            | -167                         | - 14  | + 841                     | +1 049                                | - 568  | - 402  | + 845  | + 924  | -1 556            | + 632                          |
| +2 900                      | -1 733                           | -                            | - 51  | +1 116                    | +1 394                                | + 232  | - 402  | + 176  | +1 400   | - 687             | - 713                          |
| +2 265                      | -1 089                           | - 95                         | - 42  | +1 039                    | +1 647                                | - 74   | - 70   | - 386  | +1 117   | - 581             | - 536                          |

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.

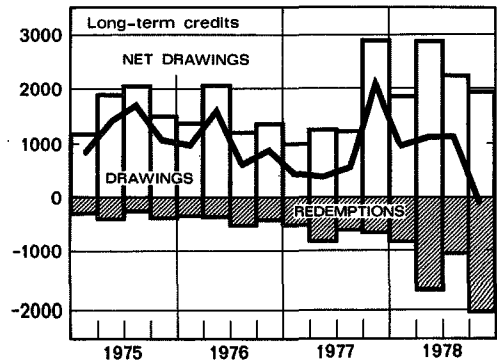
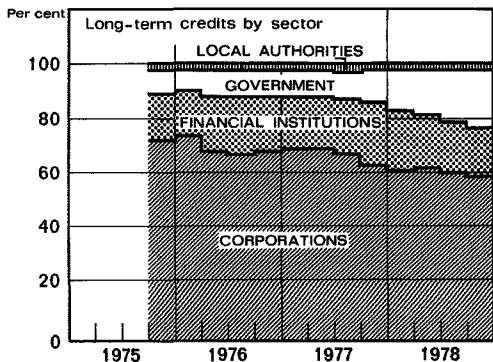


# FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

| End of year and month | Long-term assets |                   |       |                | Long-term liabilities |                |                   |       |                | Net long-term liabilities (9-4) |
|-----------------------|------------------|-------------------|-------|----------------|-----------------------|----------------|-------------------|-------|----------------|---------------------------------|
|                       | Export credits   | Direct investment | Other | Total (1 to 3) | Financial loans       | Import credits | Direct investment | Other | Total (5 to 8) |                                 |
|                       | 1                | 2                 | 3     | 4              | 5                     | 6              | 7                 | 8     | 9              |                                 |
| 1975                  | 1 871            | 1 224             | 364   | 3 459          | 14 295                | 3 373          | 1 125             | 109   | 18 902         | 15 443                          |
| 1976                  | 1 969            | 1 342             | 479   | 3 790          | 17 484                | 4 571          | 1 497             | 169   | 23 721         | 19 931                          |
| 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                          |
| 1975                  |                  |                   |       |                |                       |                |                   |       |                |                                 |
| Sept.                 | 1 699            | 1 184             | 320   | 3 203          | 13 488                | 3 228          | 1 066             | 88    | 17 870         | 14 667                          |
| Dec.                  | 1 871            | 1 224             | 364   | 3 459          | 14 295                | 3 373          | 1 125             | 109   | 18 902         | 15 443                          |
| 1976                  |                  |                   |       |                |                       |                |                   |       |                |                                 |
| March                 | 1 813            | 1 250             | 369   | 3 432          | 14 915                | 3 786          | 1 165             | 106   | 19 972         | 16 540                          |
| June                  | 1 878            | 1 259             | 392   | 3 529          | 16 690                | 3 901          | 1 216             | 130   | 21 937         | 18 408                          |
| Sept.                 | 1 910            | 1 310             | 425   | 3 645          | 17 045                | 4 321          | 1 273             | 155   | 22 794         | 19 149                          |
| Dec.                  | 1 969            | 1 342             | 479   | 3 790          | 17 484                | 4 571          | 1 497             | 169   | 23 721         | 19 931                          |
| 1977                  |                  |                   |       |                |                       |                |                   |       |                |                                 |
| March                 | 2 094            | 1 312             | 489   | 3 895          | 17 598                | 4 974          | 1 632             | 163   | 24 367         | 20 472                          |
| June                  | 2 175            | 1 404             | 508   | 4 087          | 19 150                | 5 483          | 1 708             | 156   | 26 497         | 22 410                          |
| Sept.                 | 2 238            | 1 499             | 713   | 4 450          | 20 364                | 5 509          | 1 700             | 156   | 27 729         | 23 279                          |
| Dec.                  | 2 269            | 1 596             | 750   | 4 615          | 22 695                | 5 775          | 1 717             | 169   | 30 356         | 25 741                          |
| 1978*                 |                  |                   |       |                |                       |                |                   |       |                |                                 |
| March                 | 2 499            | 1 673             | 837   | 5 009          | 25 107                | 6 068          | 1 774             | 159   | 33 108         | 28 099                          |
| June                  | 2 517            | 1 759             | 859   | 5 135          | 26 769                | 6 134          | 1 865             | 159   | 34 927         | 29 792                          |
| Sept.                 | 2 548            | 1 785             | 863   | 5 196          | 28 212                | 5 812          | 1 885             | 187   | 36 096         | 30 900                          |
| Dec.                  | 2 978            | 1 850             | 956   | 5 784          | 27 716                | 5 612          | 1 885             | 231   | 35 444         | 29 660                          |

See explanations on page 22.

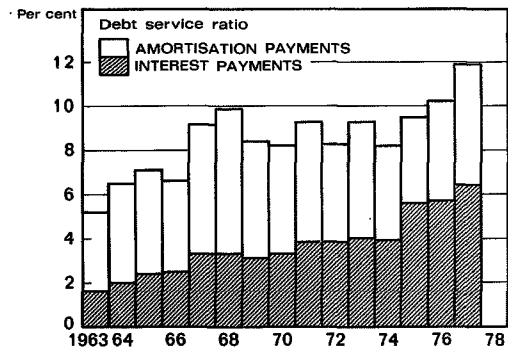
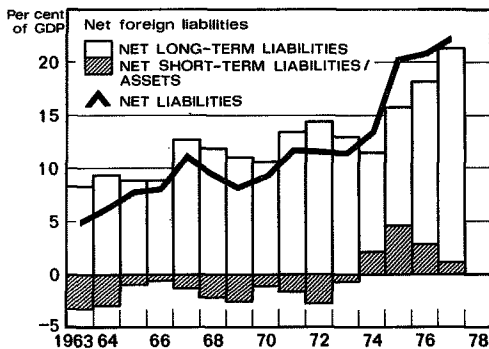


# FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

| Short-term assets |   |                  |                  | Short-term liabilities |   |                  |                  | Net short-term liabilities (18-14) | Net liabilities (10+19) | Debt service, flow | Of which amortisation 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                                   |
| 3 363             | 2 779   | 4 684            | 10 826           | 1 242                  | 4 519   | 9 565            | 15 326           | 4 500                              | 19 943                  | 2 414              | 996                                  |
| 3 630             | 3 087   | 5 676            | 12 393           | 1 201                  | 4 812   | 9 486            | 15 499           | 3 106                              | 23 037                  | 3 103              | 1 354                                |
| 4 306             | 3 863   | 6 448            | 14 617           | 1 423                  | 6 335   | 8 242            | 16 000           | 1 383                              | 27 124                  | 4 516              | 2 082                                |
| ..                | ..  | ..               | ..               | ..                     | ..  | ..               | ..               | ..                                 | ..                      | ..                 | ..                                   |
| 3 569             | 2 853   | 4 767            | 11 189           | 1 275                  | 4 272   | 9 360            | 14 907           | 3 718                              | 18 385                  | 496                | 187                                  |
| 3 363             | 2 779   | 4 684            | 10 826           | 1 242                  | 4 519   | 9 565            | 15 326           | 4 500                              | 19 943                  | 645                | 235                                  |
| 3 187             | 3 061   | 4 817            | 11 065           | 1 301                  | 4 519   | 9 293            | 15 113           | 4 048                              | 20 588                  | 639                | 292                                  |
| 3 610             | 3 095   | 4 949            | 11 654           | 1 201                  | 4 215   | 9 377            | 14 793           | 3 139                              | 21 547                  | 763                | 278                                  |
| 3 517             | 3 307   | 5 313            | 12 137           | 1 298                  | 4 379   | 9 497            | 15 174           | 3 037                              | 22 186                  | 882                | 448                                  |
| 3 630             | 3 087   | 5 676            | 12 393           | 1 201                  | 4 812   | 9 486            | 15 499           | 3 106                              | 23 037                  | 819                | 336                                  |
| 3 798             | 2 641   | 5 690            | 12 129           | 1 187                  | 4 997   | 8 779            | 14 963           | 2 834                              | 23 306                  | 778                | 272                                  |
| 3 686             | 2 504   | 5 703            | 11 893           | 1 295                  | 5 444   | 8 606            | 15 345           | 3 452                              | 25 862                  | 1 418              | 692                                  |
| 4 042             | 2 984   | 6 076            | 13 102           | 1 406                  | 6 382   | 8 905            | 16 693           | 3 591                              | 26 870                  | 1 114              | 582                                  |
| 4 306             | 3 863   | 6 448            | 14 617           | 1 423                  | 6 335   | 8 242            | 16 000           | 1 383                              | 27 124                  | 1 206              | 536                                  |
| 6 091             | 3 409   | 6 632            | 16 132           | 1 293                  | 6 594   | 7 475            | 15 362           | — 770                              | 27 329                  | 1 392              | 779                                  |
| 7 387             | 4 097   | 6 815            | 18 299           | 1 772                  | 6 610   | 7 574            | 15 956           | —2 343                             | 27 449                  | 2 351              | 1 530                                |
| 7 641             | 4 412   | 6 903            | 18 956           | 1 483                  | 6 264   | 7 534            | 15 281           | —3 675                             | 27 225                  | 1 650              | 1 007                                |
| ..                | ..  | ..               | ..               | ..                     | ..  | ..               | ..               | ..                                 | ..                      | ..                 | ..                                   |

See explanations on page 22.



# PRICE INDICES

| Period | Wholesale prices 1949 = 100 |                        |                        |                        |  |                        |  |                                   |  | Building costs 1973 = 100 |                         |                    |
|--------|-----------------------------|------------------------|------------------------|------------------------|--|------------------------|--|-----------------------------------|--|---------------------------|-------------------------|--------------------|
|        | Total                       | Origin                 |                        | Purpose                |  |                        | Stage of processing                      |                                   |  | Total                     | Wages in building trade | Building materials |
|        |                             | Domes-<br>tic<br>goods | Im-<br>ported<br>goods | Pro-<br>ducer<br>goods | Machinery<br>&<br>transport<br>equipm. | Con-<br>sumer<br>goods | Raw<br>materials<br>and com-<br>modities | Simply<br>pro-<br>cessed<br>goods | More<br>elab-<br>orately<br>processed<br>goods |                           |                         |                    |
| 1977   | 692                         | 713                    | 610                    | 667                    | 804                                    | 695                    | 728                                      | 654                               | 695  | 171                       | 154                     | 176                |
| 1978   | 727                         | 740                    | 675                    | 691                    | 890                                    | 732                    | 743                                      | 678                               | 749  | 181                       | 161                     | 186                |
| 1978   |                             |                        |                        |                        |  |                        |  |                                   |  |                           |                         |                    |
| March  | 716                         | 731                    | 658                    | 683                    | 869                                    | 719                    | 736                                      | 670                               | 733  | 178                       | 155                     | 184                |
| April  | 717                         | 733                    | 658                    | 683                    | 869                                    | 725                    | 740                                      | 669                               | 736  | 178                       | 156                     | 185                |
| May    | 721                         | 734                    | 669                    | 687                    | 877                                    | 726                    | 737                                      | 675                               | 741  | 180                       | 160                     | 185                |
| June   | 721                         | 734                    | 674                    | 687                    | 884                                    | 725                    | 737                                      | 673                               | 743  | 180                       | 160                     | 185                |
| July   | 730                         | 742                    | 685                    | 691                    | 902                                    | 739                    | 752                                      | 677                               | 752  | 180                       | 160                     | 186                |
| Aug.   | 730                         | 742                    | 686                    | 690                    | 905                                    | 739                    | 745                                      | 679                               | 756  | 180                       | 160                     | 186                |
| Sept.  | 735                         | 747                    | 688                    | 696                    | 909                                    | 743                    | 744                                      | 681                               | 765  | 184                       | 168                     | 188                |
| Oct.   | 741                         | 752                    | 697                    | 704                    | 920                                    | 744                    | 748                                      | 691                               | 769  | 185                       | 168                     | 189                |
| Nov.   | 744                         | 756                    | 700                    | 710                    | 918                                    | 744                    | 753                                      | 695                               | 771  | 185                       | 168                     | 189                |
| Dec.   | 747                         | 758                    | 704                    | 712                    | 925                                    | 747                    | 758                                      | 696                               | 774  | 185                       | 168                     | 189                |
| 1979   |                             |                        |                        |                        |  |                        |  |                                   |  |                           |                         |                    |
| Jan.   | 752                         | 764                    | 707                    | 717                    | 932                                    | 753                    | 757                                      | 702                               | 783  | 188                       | 170                     | 193                |

| Period | Consumer prices 1972 = 100 |       |                             |                             |       |                            |  |           |                                |                                |
|--------|----------------------------|-------|-----------------------------|-----------------------------|-------|----------------------------|--|-----------|--------------------------------|--------------------------------|
|        | Total                      | Food  | Beverages<br>and<br>tobacco | Clothing<br>and<br>footwear | Rent  | Heating<br>and<br>lighting | Furniture,<br>household<br>equip. and<br>operation | Transport | Education<br>and<br>recreation | Other<br>goods and<br>services |
| 1977   | 196.4                      | 216.1 | 174.1                       | 180.8                       | 182.9 | 220.9                      | 181.2  | 196.9     | 187.5                          | 208.9                          |
| 1978   | 211.3                      | 224.7 | 198.1                       | 192.9                       | 194.4 | 235.9                      | 191.1  | 216.7     | 204.4                          | 231.6                          |
| 1978   |                            |       |                             |                             |       |                            |  |           |                                |                                |
| March  | 207.3                      | 223.9 | 189.9                       | 189.7                       | 191.7 | 234.8                      | 188.8  | 211.7     | 198.0                          | 222.7                          |
| April  | 208.1                      | 224.3 | 189.9                       | 192.1                       | 191.7 | 235.6                      | 190.2  | 213.2     | 199.7                          | 223.4                          |
| May    | 211.3                      | 224.4 | 204.0                       | 192.9                       | 195.3 | 235.0                      | 190.0  | 217.7     | 200.7                          | 228.8                          |
| June   | 211.4                      | 223.8 | 204.1                       | 192.5                       | 195.3 | 234.8                      | 189.6  | 217.9     | 201.2                          | 230.4                          |
| July   | 211.8                      | 224.8 | 204.1                       | 187.3                       | 195.3 | 236.4                      | 190.1  | 218.9     | 201.4                          | 233.6                          |
| Aug.   | 212.7                      | 224.0 | 204.0                       | 191.4                       | 195.7 | 236.4                      | 190.3  | 219.2     | 208.6                          | 234.7                          |
| Sept.  | 214.3                      | 227.0 | 204.1                       | 194.8                       | 195.7 | 236.6                      | 190.8  | 219.0     | 209.3                          | 239.0                          |
| Oct.   | 215.3                      | 227.4 | 204.1                       | 199.8                       | 195.7 | 237.1                      | 193.0  | 218.4     | 211.5                          | 241.2                          |
| Nov.   | 216.5                      | 227.1 | 204.2                       | 202.0                       | 196.7 | 237.6                      | 196.9  | 221.4     | 212.9                          | 242.4                          |
| Dec.   | 216.1                      | 224.6 | 204.1                       | 203.0                       | 196.7 | 237.8                      | 197.4  | 222.0     | 212.9                          | 242.4                          |
| 1979   |                            |       |                             |                             |       |                            |  |           |                                |                                |
| Jan.   | 217.8                      | 223.1 | 222.1                       | 200.4                       | 196.7 | 238.2                      | 199.0  | 221.9     | 217.4                          | 245.9                          |

# WAGES

Index of salary and wage earnings 1964 = 100

| Period     | By industries   |          |              |                       | By institutional sectors |                     |                             | All salary earners | All wage earners | All employees |
|------------|-----------------|----------|--------------|-----------------------|--------------------------|---------------------|-----------------------------|--------------------|------------------|---------------|
|            | Wage earners in |          |              | Employees in services | State employees          | Municipal employees | Employees in private sector |                    |                  |               |
|            | Agriculture     | Industry | Construction |                       |                          |                     |                             |                    |                  |               |
| 1977       | 671             | 484      | 457          | 386                   | 387                      | 378                 | 453                         | 373                | 479              | 433           |
| 1978*      | 747             | 523      | 482          | 411                   | 406                      | 394                 | 489                         | 397                | 513              | 462           |
| 1977*      |                 |          |              |                       |                          |                     |                             |                    |                  |               |
| Jan.-March | 652             | 457      | 440          | 372                   | 373                      | 365                 | 428                         | 357                | 453              | 411           |
| Apr.-June  | 666             | 488      | 456          | 386                   | 390                      | 382                 | 457                         | 374                | 485              | 437           |
| July-Sept. | 672             | 493      | 462          | 389                   | 390                      | 382                 | 461                         | 377                | 488              | 440           |
| Oct.-Dec.  | 708             | 499      | 468          | 398                   | 394                      | 382                 | 468                         | 385                | 492              | 445           |
| 1978*      |                 |          |              |                       |                          |                     |                             |                    |                  |               |
| Jan.-March | 728             | 501      | 471          | 398                   | 396                      | 383                 | 471                         | 385                | 496              | 448           |
| Apr.-June  | 736             | 516      | 477          | 403                   | 401                      | 386                 | 482                         | 390                | 508              | 456           |
| July-Sept. | 744             | 528      | 483          | 413                   | 407                      | 396                 | 495                         | 399                | 520              | 467           |
| Oct.-Dec.  | 777             | 547      | 498          | 429                   | 420                      | 411                 | 508                         | 413                | 532              | 480           |

# PRODUCTION<sup>1</sup>

Volume indices of production 1975 = 100

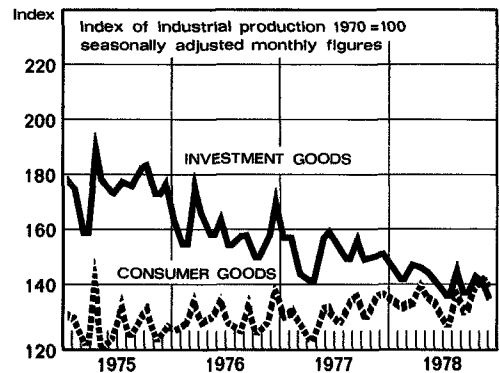
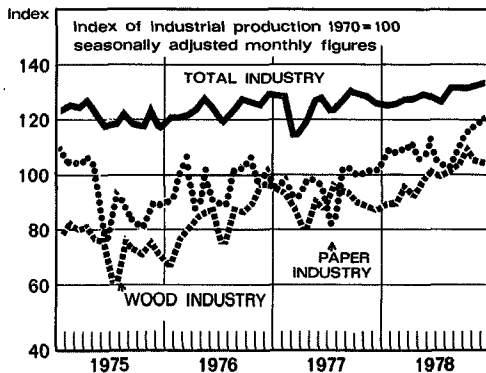
| Period     | Gross domestic product | Industrial production | Agriculture | Forestry | Construction of buildings | Land and waterway construction | Transport and communications | Commerce | Public sector services | Others |
|------------|------------------------|-----------------------|-------------|----------|---------------------------|--------------------------------|------------------------------|----------|------------------------|--------|
| 1976*      |                        |                       |             |          |                           |                                |                              |          |                        |        |
| Apr.-June  | 100                    | 103                   | 89          | 108      | 70                        | 102                            | 99                           | 100      | 105                    | 102    |
| July-Sept. | 100                    | 89                    | 192         | 64       | 92                        | 93                             | 101                          | 100      | 106                    | 98     |
| Oct.-Dec.  | 108                    | 110                   | 75          | 121      | 107                       | 98                             | 114                          | 111      | 108                    | 104    |
| 1977*      |                        |                       |             |          |                           |                                |                              |          |                        |        |
| Jan.-March | 98                     | 106                   | 71          | 110      | 78                        | 96                             | 94                           | 84       | 111                    | 101    |
| Apr.-June  | 100                    | 103                   | 87          | 112      | 74                        | 95                             | 97                           | 95       | 110                    | 103    |
| July-Sept. | 100                    | 90                    | 153         | 63       | 94                        | 90                             | 106                          | 96       | 111                    | 100    |
| Oct.-Dec.  | 108                    | 110                   | 75          | 110      | 105                       | 93                             | 114                          | 101      | 113                    | 106    |
| 1978*      |                        |                       |             |          |                           |                                |                              |          |                        |        |
| Jan.-March | 99                     | 107                   | 71          | 115      | 74                        | 92                             | 97                           | 84       | 116                    | 102    |
| Apr.-June  | 104                    | 109                   | 89          | 104      | 76                        | 95                             | 107                          | 93       | 115                    | 104    |
| July-Sept. | 101                    | 92                    | 154         | 60       | 94                        | 90                             | 110                          | 94       | 117                    | 102    |

<sup>1</sup> New series

# PRODUCTION

Index of industrial production 1970 = 100

| Period | Total | Investment goods | Other producer goods | Consumer goods | Special indices of manufacturing |               |                |                     |                               |                | Total, adjusted for seasonal variations |
|--------|-------|------------------|----------------------|----------------|----------------------------------|---------------|----------------|---------------------|-------------------------------|----------------|---|
|        |       |                  |                      |                | Food industry                    | Wood industry | Paper industry | Chemical industries | Non-metallic mineral industry | Metal industry |   |
| 1975   | 122   | 178              | 110                  | 130            | 113                              | 76            | 95             | 143                 | 128                           | 150            | 122                                     |
| 1976   | 125   | 162              | 116                  | 132            | 110                              | 85            | 99             | 153                 | 121                           | 150            | 125                                     |
| 1977*  | 127   | 153              | 119                  | 133            | 108                              | 91            | 98             | 153                 | 119                           | 151            | 128                                     |
| 1978*  | 130   | 143              | 125                  | 137            | 114                              | 100           | 112            | 165                 | 117                           | 145            | 130                                     |
| 1977*  |       |                  |                      |                |                                  |               |                |                     |                               |                |   |
| Sept.  | 140   | 171              | 132                  | 146            | 114                              | 100           | 117            | 162                 | 137                           | 167            | 132                                     |
| Oct.   | 139   | 168              | 132                  | 145            | 123                              | 94            | 113            | 154                 | 133                           | 165            | 130                                     |
| Nov.   | 142   | 173              | 133                  | 149            | 127                              | 99            | 112            | 166                 | 127                           | 172            | 129                                     |
| Dec.   | 129   | 149              | 122                  | 135            | 111                              | 84            | 94             | 164                 | 108                           | 152            | 127                                     |
| 1978*  |       |                  |                      |                |                                  |               |                |                     |                               |                |   |
| Jan.   | 136   | 159              | 130                  | 139            | 103                              | 88            | 111            | 175                 | 122                           | 158            | 126                                     |
| Feb.   | 128   | 147              | 123                  | 134            | 94                               | 87            | 113            | 164                 | 118                           | 146            | 127                                     |
| March  | 136   | 156              | 130                  | 141            | 104                              | 104           | 107            | 183                 | 121                           | 156            | 128                                     |
| April  | 134   | 148              | 129                  | 140            | 106                              | 114           | 115            | 179                 | 128                           | 149            | 128                                     |
| May    | 140   | 159              | 134                  | 147            | 119                              | 126           | 112            | 165                 | 127                           | 161            | 130                                     |
| June   | 124   | 146              | 116                  | 136            | 114                              | 111           | 97             | 126                 | 129                           | 146            | 129                                     |
| July   | 67    | 53               | 67                   | 72             | 101                              | 43            | 72             | 98                  | 49                            | 50             | 128                                     |
| Aug.   | 135   | 145              | 128                  | 146            | 124                              | 97            | 112            | 177                 | 117                           | 150            | 132                                     |
| Sept.  | 138   | 148              | 134                  | 142            | 114                              | 107           | 129            | 182                 | 129                           | 154            | 132                                     |
| Oct.   | 147   | 161              | 142                  | 152            | 137                              | 120           | 133            | 199                 | 133                           | 163            | 132                                     |
| Nov.   | 148   | 162              | 141                  | 157            | 141                              | 116           | 131            | 173                 | 124                           | 165            | 133                                     |
| Dec.   | 129   | 132              | 125                  | 137            | 113                              | 90            | 109            | 160                 | 104                           | 140            | 134                                     |



# LABOUR—TIMBER FELLINGS—INTERNAL TRADE

| Period | Population of working age<br>1 000 persons | Total labour force,<br>1 000 persons | Employed<br>1 000 persons | Un-<br>employed<br>1 000 persons | Unemploy-<br>ment,<br>% of total<br>labour force | Commercial<br>timber<br>fellings<br>1 000 solid<br>cu. m | Retailers'<br>sales<br>volume<br>index<br>1972 = 100 | Whole-<br>sellers'<br>volume<br>index<br>1972 = 100 |
|--------|--|--------------------------------------|---------------------------|----------------------------------|--|--|--|---|
| 1975   | 3 513                                      | 2 272                                | 2 221                     | 51                               | 2.2  | 29 133   | 122  | 127   |
| 1976   | 3 547                                      | 2 254                                | 2 163                     | 91                               | 4.0  | 27 305   | 123  | 127   |
| 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   | ..   | ..  |
| 1978*  |  |                                      |                           |                                  |  |  |  |   |
| Jan.   | 3 572                                      | 2 199                                | 2 007                     | 192                              | 8.7  | 2 625  | 94   | 102   |
| Feb.   | 3 571                                      | 2 187                                | 2 001                     | 186                              | 8.5  | 3 076  | 92   | 110   |
| March  | 3 572                                      | 2 195                                | 2 007                     | 188                              | 8.5  | 3 641  | 105  | 123   |
| April  | 3 576                                      | 2 172                                | 2 004                     | 168                              | 7.7  | 3 443  | 107  | 120   |
| May    | 3 575                                      | 2 228                                | 2 073                     | 155                              | 7.0  | 2 436  | 112  | 124   |
| June   | 3 576                                      | 2 420                                | 2 241                     | 179                              | 7.4  | 1 379  | 111  | 120   |
| July   | 3 579                                      | 2 418                                | 2 243                     | 175                              | 7.2  | 613  | 109  | 95  |
| Aug.   | 3 579                                      | 2 326                                | 2 171                     | 155                              | 6.7  | 1 080  | 113  | 127   |
| Sept.  | 3 580                                      | 2 233                                | 2 086                     | 147                              | 6.6  | 1 829  | 110  | 126   |
| Oct.   | 3 584                                      | 2 219                                | 2 066                     | 153                              | 6.9  | 2 559  | 111  | 131   |
| Nov.   | 3 583                                      | 2 224                                | 2 061                     | 163                              | 7.3  | 3 046  | 109  | 125   |
| Dec.   | 3 586                                      | 2 211                                | 2 047                     | 164                              | 7.4  | 3 294  | ..   | ..  |

## CONSTRUCTION OF BUILDINGS

| Period               | Building permits granted |                               |                   |  |                     | Buildings completed |                               |                   |  |                     | Building-<br>works<br>under<br>con-<br>struction |
|----------------------|--------------------------|-------------------------------|-------------------|--|---------------------|---------------------|-------------------------------|-------------------|--|---------------------|--|
|                      | Total                    | Residen-<br>tial<br>buildings | Farm<br>buildings | Industrial<br>and<br>business<br>buildings | Public<br>buildings | Total               | Residen-<br>tial<br>buildings | Farm<br>buildings | Industrial<br>and<br>business<br>buildings | Public<br>buildings |  |
| Million cubic metres |                          |                               |                   |  |                     |                     |                               |                   |  |                     |  |
| 1975                 | 51.42                    | 19.65                         | 3.79              | 21.62                                      | 3.39                | 47.85               | 20.59                         | 2.80              | 18.68                                      | 3.64                | 52.45  |
| 1976                 | 46.89                    | 19.95                         | 3.93              | 15.81                                      | 3.84                | 41.25               | 17.74                         | 3.16              | 15.40                                      | 2.59                | 51.85  |
| 1977*                | 41.62                    | 18.82                         | 4.23              | 11.90                                      | 3.72                | 43.12               | 17.89                         | 3.01              | 16.57                                      | 3.28                | 48.38  |
| 1977*                |                          |                               |                   |  |                     |                     |                               |                   |  |                     |  |
| Jan.-March           | 6.73                     | 2.92                          | 0.66              | 1.91                                       | 0.83                | 9.43                | 3.59                          | 0.47              | 4.51                                       | 0.57                | 47.95  |
| Apr.-June            | 13.22                    | 7.00                          | 1.71              | 2.69                                       | 0.80                | 8.76                | 4.16                          | 0.38              | 2.76                                       | 0.99                | 51.52  |
| July-Sept.           | 11.41                    | 4.72                          | 1.06              | 3.85                                       | 0.91                | 10.92               | 4.04                          | 1.05              | 4.02                                       | 0.99                | 52.69  |
| Oct.—Dec.            | 10.47                    | 4.23                          | 0.80              | 3.60                                       | 1.18                | 14.01               | 6.10                          | 1.11              | 5.28                                       | 0.73                | 48.38  |
| 1978*                |                          |                               |                   |  |                     |                     |                               |                   |  |                     |  |
| Jan.-March           | 10.21                    | 3.72                          | 1.02              | 4.06                                       | 0.92                | 8.36                | 3.81                          | 0.66              | 2.80                                       | 0.75                | 45.37  |
| Apr.-June            | 12.92                    | 6.51                          | 2.17              | 2.59                                       | 0.69                | 9.54                | 4.21                          | 0.54              | 3.38                                       | 0.91                | 47.13  |
| July-Sept.           | 11.07                    | 4.12                          | 1.04              | 4.33                                       | 0.85                | 9.57                | 3.58                          | 1.10              | 2.95                                       | 1.07                | 49.12  |

# 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. The balance sheet was re-organized from Dec. 31, 1978. Foreign bills were included in corporate sector receivables rather than in receivables from the foreign sector as was the case before. Changes in the domestic financial sector and the corporate sector are explained below. 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 reserve 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 bonds + Currency subscription to Finland's quota in the IMF.

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

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

Liabilities = Cheque accounts + Counter-cyclical reserves + Capital import deposits + Other public sector claims.

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

Page 5. *Domestic financial sector*: Other liabilities, net = Capital import deposits + Cheque account liabilities to Postipankki + Other financial institution claims — Bonds — Other financial institution receivables.

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

Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + 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 + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligations — call money deposits by the commercial banks.

Actual central bank debt of the commercial banks = Total central bank debt — Postipankki's call money placements. 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 is the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the discount rate.

A progressively rising interest rate is charged on credit in excess of the quota. There is an absolute ceiling on quota-related debt, which is currently 170 per cent of the quota. 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 (Post Office Bank'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.

## STATISTICAL FINANCES

Page 10. 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 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 1978 imports by countries of origin exports by countries of consumption.

## BALANCE OF PAYMENTS

Pages 14—15. 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.

## FOREIGN ASSETS AND LIABILITIES

Pages 16—17. Figures calculated by the Bank of Finland. Long-term assets: Other = financial loans + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds.

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.

Columns 21 and 22 during the year and the quarter.

Chart Long-term credits by sector: Quarterly figures available since 1976. Chart Debt service ratio: Debt service as a per cent of current account earnings.

## PRICE INDICES

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

## WAGES — PRODUCTION

Pages 19—20. Figures supplied by the Central Statistical Office. Page 20. *Index of industrial production* calculated by the Central Statistical Office. The grouping by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: Investment goods weight 7.0, other producer goods weight 67.0 and consumer goods weight 26.0. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.8, manufacture of wood, and wood and cork products (SIC 311-2) 8.0, manufacture of paper and paper products (SIC 341) 15.2, manufacture of industrial chemicals (SIC 351-2) 5.2, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.6, and metal industry (SIC 37—38) 25.9.

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

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

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



# SOME PARTICULARS ABOUT FINLAND

## FORM OF GOVERNMENT

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

Parliament, comprising 200 members is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1975 is as follows: Social Democrats 54, Centre Party 41, People's Democrats 40, Conservatives 35, Swedish Party 10, Liberal Party 8, Christian League 8, Finnish Farmers Party 2 and Finnish People's Constitutional Party 2.

## INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 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%) 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 (1977): 4.7 million. Sweden 8.3, Switzerland 6.3, Denmark 5.1, and Norway 4.0 million.

DENSITY OF POPULATION (1977): In South Finland 46.4, in East and Central Finland 13.9, in North Finland 4.0 and in the whole country an average of 15.5 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1977): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 487 519 inhabitants, Tampere (Tammerfors) 166 118, Turku (Åbo) 165 215.

EMPLOYMENT (1977): Agriculture and forestry 13%, industry and construction 35%, commerce 15%, transport and communication 7%, services 30%.

LANGUAGE (1977): Finnish speaking 93.4%, Swedish speaking 6.4%, others 0.2%.

EDUCATION (1978): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 14 colleges of university standard.

CHANGE OF POPULATION (1977): births 13.9 ‰, deaths 9.4 ‰, change + 2.2 ‰, net emigration - 2.2 ‰. Deaths in France 10.1 ‰ and Great Britain 11.7 ‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1977, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 6 308 (6%), forestry and fishing 5 345 (5%), manufacturing 33 593 (30%), construction 9 979 (9%), transport and communication 11 604 (11%), commerce, banking and insurance 14 903 (14%), public administration 5 956 (5%), ownership of dwellings 4 030 (4%), services 17 543 (16%), total 109 261. Index of real domestic product 163 (1964 = 100).

FOREST RESOURCES (1977): The growing stock comprised of 1 520 million m<sup>3</sup> (solid volume with bark) of which 45% was pine and 37% spruce, the remaining 18% being broad-leaved trees, chiefly birch. Of the growing stock, 637 million m<sup>3</sup> was up to the standard required for logs, 56% of these being pine. The annual growth was 57.4 million m<sup>3</sup> and the total removal, calculated on the basis of roundwood consumption, was 40.7 million m<sup>3</sup>.

AGRICULTURE (1976): Cultivated land 2.3 million hectares. Number of holdings 242 700 of which 164 600 are of more than 5 ha. Measure of self-sufficiency in bread cereals 150% in the crop year 1976/77.

INDUSTRY (1976): Gross value of industrial production 95 790 mill. marks, number of workers 412 718, salaried employees 136 890, motive power (1976) 6.8 mill. kW. Index of industrial production 125 for 1976 (1970 = 100).

STATE RAILWAYS (Jan. 1. 1979): Length 6 063 km.

MERCHANT FLEET (Dec. 31. 1978): Passenger vessels 121 (192 505 gross reg. tons), tankers 47 (1 112 323 gross reg. tons), dry cargo vessels 212 (998 901 gross reg. tons), other vessels 79 (10 509 gross reg. tons), total 459 (2 314 238 gross reg. tons).

MOTOR VEHICLES (Dec. 31. 1977): Passenger cars 1 075 400, lorries and vans 136 200, buses 8 800, others 7 200, total 1 227 600.

FINNISH AIRLINES (Aug. 1. 1978): Finnair and Kar-Air have in use 4 DC-8, 1 DC-6-ST, 8 Super Caravelles, 9 DC-9s, 6 DC-9-51s, 2 DC-10-30 and 4 Convair Metropolitans. Companies have scheduled traffic outside of Finland to 30 airports and to 20 domestic airports.

## FINANCE AND BANKING

CURRENCY. Since 1880, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 20.3, Skr 17.1, £ 13.7, DM 13.2, \$ 9.7, other currencies 26.0. The permissible range of fluctuation is 2.25 per cent on either side of the arithmetic mean. The fluctuation limits are 121.7 and 116.4.

THE CENTRAL BANK. The Bank of Finland (estab. 1811) functions under the guarantee and supervision of Parliament. Its Board of Management is appointed by the President of the Republic; the Bank Supervisors, nine in number, are elected by Parliament. The Bank has a head office in Helsinki and 12 branches in other towns.

OTHER CREDIT INSTITUTIONS (Dec. 31. 1978). There are two big and five small commercial banks with in all 858 offices, 280 savings banks, 374 co-operative banks, six mortgage banks. Post-pankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-seven private insurance companies also grant credits.

RATES OF INTEREST (May 1, 1978). 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 7 ¼%. The range of rates for other credits granted by the Bank of Finland is between 5% and 8 ½%. Other credit institutions time deposits 3 ¼%; 6 month deposits 4 ¼%; 12 month deposits 5 ½%; 24 month deposits 6 ½%; 36 month deposits 7 ¼% + savings premium; 36 month deposits 7 ¼% + tax concession. The highest lending rate 10 ½%.

# EMPLOYMENT IN FINLAND IN THE 1970s

by Lauri Korpelainen, D.Pol.Sc.  
Ministry of Labour

Labour market developments during the current decade are characterized by a distinct dichotomy. The first half of the decade was a period of high employment, and even labour shortage. In the second half, however, there was a continuing deterioration in the situation which led to a rate of mass unemployment never before experienced in Finland.

This article examines developments in the Finnish labour market in terms of both supply and demand. With regard to unemployment and its prevention, attention is focussed on recent years.

## THE SUPPLY OF LABOUR

From 1970 to 1978 the population of working age<sup>1</sup> grew by 230 000 to 3 580 000 persons, at an average rate of nearly 29 000 persons per annum. During the first half of the decade, the growth of population was slightly accelerated by net immigration reaching 6 000 persons of working age between 1971—1974. However, from 1975 this flow reverted to a net emigration, totalling 26 000 persons of working age during 1975—1978.

The average labour participation rate has varied between about 63 and 65 per cent during the current decade. The long-term trend shows a marked decline in the participation rate of men, which the simultaneous increase in the participation rate of women has not been able to offset fully. Particularly during the first half of the current decade, the supply of labour was restrained by a pension policy reform, which caused an exceptionally rapid rise in the number of recipients of invalidity pensions.

<sup>1</sup> The population of 15—74 years. This definition is used in the Labour Force Survey. Actually employed persons of 65 years (the general retirement age) and over account for less than 1 per cent of total labour force.

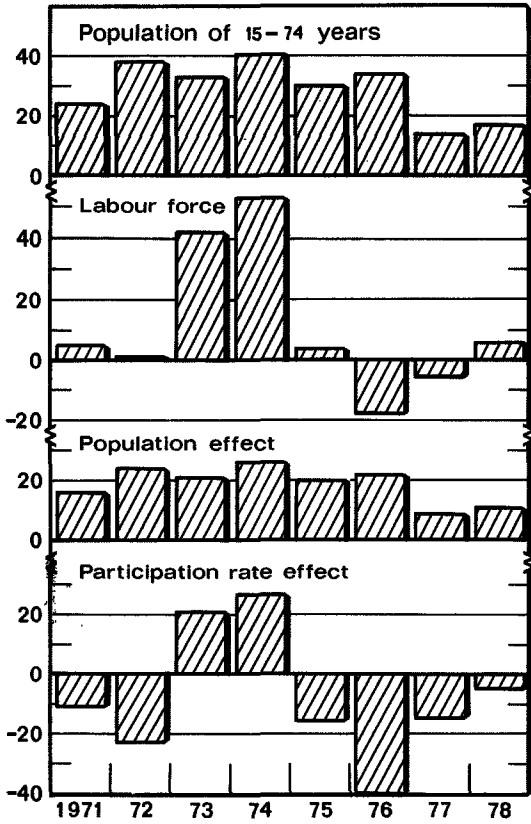
People's willingness to seek work is very strongly affected by the overall employment situation. Hence, despite the restraining effect of the pension policy on the supply of labour, average participation rose during the boom from 1972 to 1974 by 1.5 percentage points, corresponding to an increase of almost 50 000 persons in the supply of labour. Similarly labour participation fell with the deterioration in employment by about 2 percentage points between 1974—1978. Some 75 000 persons have voluntarily either left the labour market or refrained from entering it during these years. This has partly alleviated pressures on the growth of open unemployment.

Annual changes in the population of working age and the labour force are shown graphically in Chart 1. Changes in the labour force have been further divided into two components: a) changes caused by the population effect and b) changes caused by the participation rate effect. This last-mentioned effect reflects labour supply elasticity under different cyclical conditions. Annual labour statistics are presented in Chart 2.

## THE DEMAND FOR LABOUR

Total output and the demand for labour increased quite rapidly and almost continuously from the late 1960s until the mid-1970s. The growth in the demand for labour was particularly strong in the two boom years. The strength of the demand is indicated by the fact that between 1972 and 1974 the number of employed persons grew by 110 000, or more than 5 per cent. The tightness of the labour market was also reflected in a rapid increase in the number of unfilled vacancies (Chart 2).

**CHART 1. POPULATION AND LABOUR FORCE: CHANGES FROM THE PREVIOUS YEAR, IN THOUSANDS**



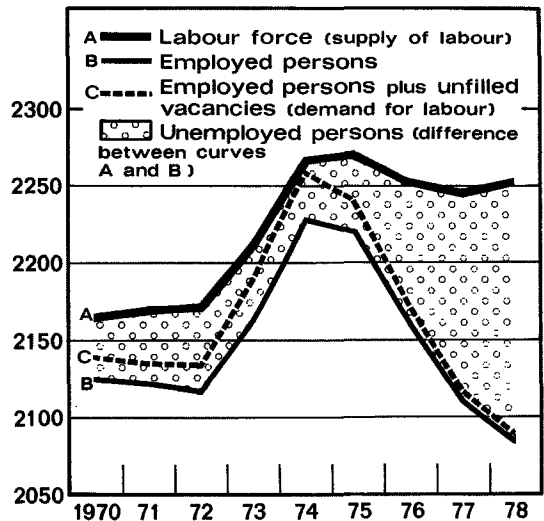
Although the supply of labour was elastic, these years saw an unprecedented shortage of almost all categories of personnel in several sectors.

In addition to an overheating of the economy, the labour shortage was also attributable to certain special factors. Labour hoarding by companies was perhaps the most important of these, occurring especially in industry but also in the trade sector. As a result, while certain enterprises had tied plenty of excess labour, others suffered from labour shortage. Undue fears of shortage and of its remaining permanent may have been the basic reasons for this hoarding phenomenon. The increased turnover of the labour force and growing absenteeism further increased the tightness of the labour market and firms' hoarding efforts.

Competition for the same employees, not only between different firms but also between different industries, tended to accelerate wage drift and to increase cost pressures, thus reducing the country's international competitiveness. As a consequence, Finland had extremely poor prospects for maintaining production and employment as the international economy moved into recession.

Although the growth of output stopped during the latter half of 1974, the decline in demand for labour and the rise in unemployment has occurred only gradually. Firms' willingness to maintain an unnecessarily large labour force until the middle of 1976 may be explained by lagged reactions to the earlier shortage of labour, and especially skilled labour, unknown in the postwar period. Employers were reluctant to cut their labour force in line with the reduced level of production, as long as a revival in demand in the near future was foreseeable. The profits accrued during the previous boom permitted the maintenance of surplus labour, particularly among industrial firms. However, when expectations became gloomier and government policy tightened, firms reduced their labour forces substantially during the latter half of 1976. Once started, this process

**CHART 2. DEMAND FOR AND SUPPLY OF LABOUR, IN THOUSANDS**



advanced rapidly. From 1974 to 1978, employment declined by 145 000 persons, or by 6.5 per cent (Chart 2).

This adjustment was made by means of one or several of the following measures:

- cutting-down of overtime work
- refraining from recruiting new labour
- use of reduced working weeks
- lay-offs
- early retirements
- dismissals

Firms first responded to declining sales by reducing overtime work or, whenever possible, ceasing it. As a result, overtime as a share of manufacturing industry's labour inputs has fallen by more than a half (from 3.7 per cent to 1.7 per cent) since 1974.

The cut-back in recruitment has probably been the most important labour adjustment measure used by firms. Combined with natural turnover, which has not been offset by recruitment, this cut-back has enabled firms to shed labour often at quite a rapid rate. As a result, however, the unemployment rate of young people entering the labour market for the first time has risen sharply.

Lay-offs and reduced working weeks were introduced increasingly by firms especially in the industrial sector, in response to deteriorating economic conditions. The number laid off reached its record in 1977, when the annual average of lay-offs was 20 000 persons, or almost five times the number in 1974. The number of persons working a reduced working week did not reach its peak of almost 25 000 persons until 1978, when it was about 12 times the number in 1974. The widespread use of reduced working weeks also explains the fact that during 1974—1978 the number of aggregate man-days declined by 1.7 percentage points more than the number of employed persons, i.e. by 8.2 per cent.

The largest firms, in particular, have been able to cut down their labour force somewhat by paying an early-retirement pension to those employees approaching the retirement age.

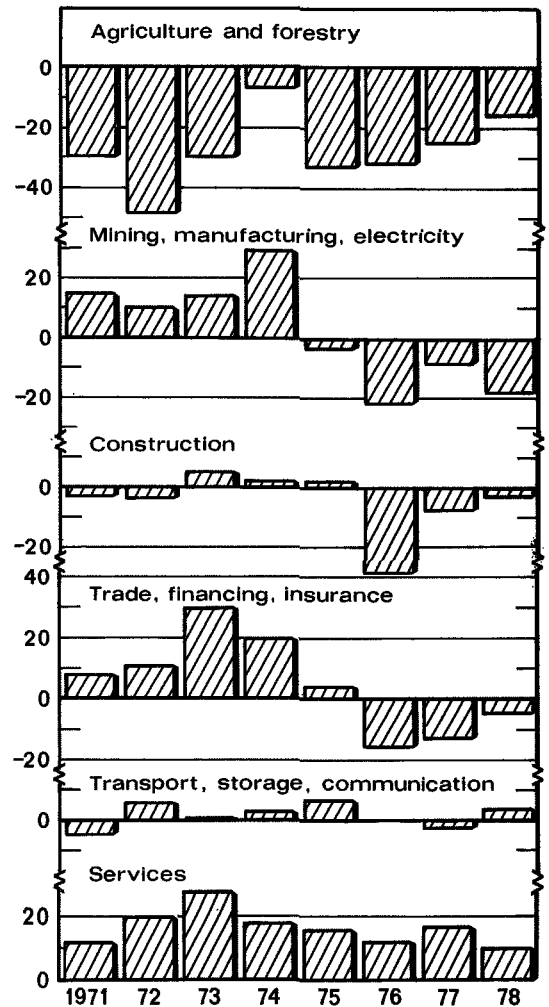
This year experiments designed to promote youth employment through this policy will be conducted, using state funds.

There have also been dismissals, mainly where unprofitability has necessitated the closure of a production line or a firm.

### CHANGES IN EMPLOYMENT BY INDUSTRY

Variations in the demand for labour can be described more precisely by examining the structure and changes in employment by industry (Chart 3 and Table 1).

**CHART 3. EMPLOYED PERSONS BY INDUSTRY: CHANGES FROM THE PREVIOUS YEAR, IN THOUSANDS**



**TABLE 1. EMPLOYMENT BY INDUSTRY**

| Industry                             | 1978*        |       |      | 1970 1978*              |     |
|--------------------------------------|--------------|-------|------|-------------------------|-----|
|                                      | In thousands |       |      | Percentage distribution |     |
| Agriculture and forestry             | 478          | 256   | —222 | 22                      | 12  |
| Mining, manufacturing, electricity   | 545          | 560   | + 15 | 26                      | 27  |
| Construction                         | 187          | 151   | — 36 | 9                       | 7   |
| Trade, financing, insurance          | 380          | 420   | + 40 | 18                      | 20  |
| Transport, storage, communication    | 149          | 162   | + 13 | 7                       | 8   |
| Services                             | 387          | 519   | +132 | 18                      | 25  |
| Total (incl. the category »unknown«) | 2 126        | 2 084 | — 42 | 100                     | 100 |

The strongest reaction to changes in economic conditions has occurred in the »Mining, manufacturing and electricity«, and »Construction« sectors and — perhaps slightly surprisingly — in »Trade, financing and insurance«. Due to the present economic recession, the first sector has reduced its labour force by almost the same amount as it increased it during 1971—1974. In the »Construction« sector, employment was maintained, even in 1975, owing to building projects started during the boom, but it fell sharply in the following year. Employment in this sector now seems to have settled at a level about a fifth lower than that prevailing at the beginning of the decade. The decline in employment in the trade sector partly reflects the cost crisis in this sector in recent years and the subsequent rationalization.

Employment has been most stable in the »Transport storage and communication« and »Services« sectors. Since the beginning of the decade, employment in the former has increased by 13 000 persons, or by 9 per cent. Similarly, the labour force in »Services« has grown by 132 000 persons, or by one third. Most of this increase in employment has occurred in the public service sector (education, public health and social services).

Employment in agriculture and forestry is also of special interest, showing a continuing decline during the current decade approximately in line with its former trend. The year

of severest labour shortage, 1974, was the only exception: in that year unusually few labourers left the primary industries. This phenomenon may be partly explained by the fact that income formation at that time was exceptionally strong in agriculture and particularly in forestry. The share of primary industries in the total labour force has fallen to 12 per cent, but its decline is clearly decelerating.

## UNEMPLOYMENT

In terms of unemployment, the first half of this decade was a favourable period. In 1970—1975 the average unemployment rate was 2.1 per cent, and even at its highest in 1972 it did not exceed 2.5 per cent. The situation began to deteriorate in the autumn of 1975. In line with the weakening in the demand for labour, the unemployment rate has since then risen annually, approaching 8 per cent in 1978 (Charts 2 and 4). For each day of the year there was then on average 175 000 unemployed persons seeking work. During the winter months of 1978, the number of unemployed came close to 200 000 persons, and reached the same level in January 1979.

Turning to the regional distribution of unemployment, here the sharpest increase is evident in the industrialized regions of Southern Finland, where unemployment has previously been quite insignificant. The share of production workers in total unemployed has thus gone up to more than a third, after being only slightly more than a quarter at the beginning of the decade. As the recession has continued, men seem to have been more prone to unemployment than women, which may have been caused by factors related to the occupational breakdown of the labour force and the pay policies pursued.

Unskilled and semi-skilled workers tend to be most prone to unemployment. According to an inquiry conducted in November 1978, three quarters of the unemployed persons seeking work did not have any basic vocational

training. The duration of unemployment was also the longest for those who lacked vocational training.

Unemployment has been particularly heavy among young people entering the labour market for the first time (Chart 4). At its highest, the share of the 15—24 year old category in total unemployment has been more than 40 per cent. Highly educated persons, most of whom are newly graduated young people, represent a significant new group amongst the unemployed.

It has been claimed that the unemployment of young people has been attributable, to not only the weak demand for labour, but also to special factors, such as high entry level wages relative to their vocational skills, high additional wage expenses (social security contributions and similar), a decline in the total turnover of the labour force, a strengthening in the protection against dismissal among the employed persons, reduced recruitment, an increase in the labour participation rate of women, the low intensity of job search among the young, and the inadequate capacity of the public employment service under present circumstances. The fact that the young unem-

ployed are a heterogeneous group without any political or organizational power may also be a significant factor.

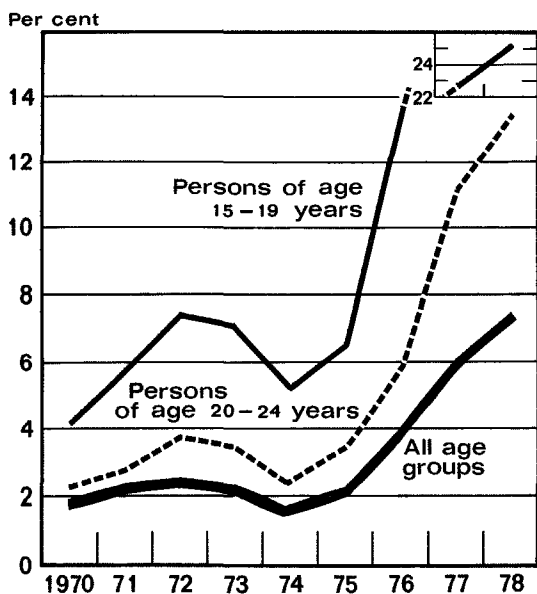
In summary, the difficulties of the young unemployed (and often even of the older ones) fall into three basic categories: the overall shortage of vacancies, the price of labour and the level of vocational skills.

## PREVENTION OF UNEMPLOYMENT

The Government has been compelled to explore new approaches to the unemployment problem in view of the changing industrial structure, the concentration of unemployment in the secondary and tertiary sectors, and also the plight of the young unemployed. Thus, highly mechanized public works, for example, no longer play the same role in employment policy as they did two decades ago.

In recent years, the central government has introduced special reflationary packages comprising both selective and general measures to promote production and employment. Although certain new employment measures had been introduced in 1976, the first main package was released in June 1977, followed by four more, the most recent being in January 1979.

**CHART 4. UNEMPLOYMENT RATES**



The successful combat of unemployment depends basically on the efficiency of general economic policy measures in stimulating production and thereby the demand for labour. At best, selective manpower measures can only alleviate problems in those subsectors of the labour market where difficulties are most severe.

Since the results of job creation schemes have so far been modest, a supply side approach has also been adopted. These two manpower strategies are examined separately. A uniform subsistence system for the unemployed, proposed in response to the current situation, is still being drafted by a committee, and therefore will not be considered in this article.

## PROMOTION OF EMPLOYMENT

Measures designed to promote employment can be classified according to whether they are incident on

- firms
- the unemployed themselves
- the public sector as an employer.

The first category comprises measures aiming to maintain or increase vacancies, either through financial support or the reduction of labour costs.

In order to prevent lay-offs and dismissals in 1976, the Government introduced counter-cyclical subsidies and loans to promote employment. Support has also been granted for firms' own training schemes. Furthermore, since 1976 the state budget has included a special appropriation for government purchases from firms struggling with employment problems. These appropriations, directed mainly to small and medium-sized industrial firms, have been rather small, however, and their impact on employment has been of only minor importance (at most on average 3 500 persons in 1977).

In order to promote the employment of young people, the Government started to pay a youth employment subsidy to firms. This subsidy is granted on the condition that the firm concludes an apprenticeship contract with a young unemployed person or employs him for on-the-job training. By this means, 3 400 young persons were employed in 1977 and 6 000 in 1978, and the scheme will be extended in 1979.

A bill concerning an additional employment subsidy to firms was recently passed by Parliament. This subsidy will be paid for a new employee recruited permanently during the first half of 1979 and it will amount to 6 000 marks or 3 000 marks, depending on the date of employment. It is estimated that this subsidy will contribute to creating more than 20 000 new jobs in the corporate sector. Some steps have also been taken to implement a programme whereby about 1 000 unemployed technical

or commercial graduates would be placed for one year in planning, marketing and similar jobs in firms, with state support.

The reduction of employers' social security contributions, applied to varying extent since 1977, should also be mentioned as measure achieving a widespread cut in labour costs.

Measures directed at unemployed job-seekers have included not only the intensification of vocational guidance and employment services but also certain training schemes. The amount of employment training has increased notably each year. In 1978 the employment training course was completed by 27 000 persons, representing 1.2 per cent of total labour force.

A temporary vocational training programme for 16 to 17 years old unemployed persons lacking basic vocational training was set up in 1976. Special arrangements are made for training lasting from 1 to 2 years in ordinary vocational institutes and, in 1978 on average 11 500 young people were studying under this programme.

In modern society, the public sector plays an important role as an employer and a stabilizer of employment. Taking into account the permanent labour force of the central government, state-owned companies and local authorities, and the workers engaged in public works plus the direct employment effects of various central government measures, the public sector's share in employment amounts to slightly more than a quarter of total labour force.

Public sector programmes implemented to combat unemployment, particularly among salaried employees and young people, include supplementary office works and employment subsidies paid to municipalities from state funds. In recent years supplementary office works have employed less than 2 000 salaried employees, but since late 1978 the programme has been strongly expanded, the target being 8 000 jobs in 1979. Employment financed by municipal employment subsidies also increased sharply during 1978: the number of persons

employed during the latter half of the year was more than 20 000. Under both these programmes, the employment impact has been extended by widespread introduction of part-time work.

On the basis of the Employment Act, manpower authorities are also allowed to regulate the recruitment and use of labour in those investment programmes for which loans, grants or interest subsidies have been granted from the state budget.

## CURBING OF THE SUPPLY OF LABOUR

With the economic recession continuing further, the supply of labour has automatically become elastic downwards, which has been reflected in a fall in the labour participation rate. The average labour input of employed persons, measured in terms of man-hours, has also shown a marked downward trend in recent years.

In public discussions the representatives of various interest groups have suggested the following measures to curb the supply of labour:

- general shortening of working hours
- work sharing
- early retirement
- lengthening of training periods
- family policy measures

Since a general shortening of working hours would not be possible, in the short run, without a corresponding reduction in earnings, it has gained little support as an employment policy measure. According to certain studies, even a marked cut in working hours would not significantly increase the demand for new labour.

Work sharing might be implemented both by reducing overtime work and by increasing part-time work. Overtime work which is relatively small in Finland may have already reached its potential minimum. With regard to

part-time work this does not seem to have increased in popularity anywhere other than in the above-mentioned employment programmes of the public sector.

Turning to pensions policy, retirement on an unemployment pension has been encouraged by reducing the age limit temporarily from 60 years to 58 years for persons who have been unemployed for a long time. The impact of this scheme is only small. As mentioned earlier, the Government is intending to experiment in 1979 with a state-subsidized system, in which employees approaching the retirement age (63 years or over) may voluntarily choose early retirement, provided that the firm replaces the person retired early with a young unemployed seeking work. A general reduction in the retirement age has been rejected on the grounds that the costs incurred would be unreasonably high relative to the gain achieved.

Since a total reform of the medium-level education is at present under consideration, the extension of the comprehensive school by a further year has not generally been regarded as feasible. It has been used as a temporary solution in certain regions with high unemployment in which there is also a shortage of places for further education. The recruitment of additional volunteers for military service is another supply-curbng measure.

The birth rate in Finland has for the past decade been below the level required to maintain balanced population development. This, combined with current unemployment, has prompted interest in the potential role of family policies, although the only concrete measure implemented so far has been the extension of the parents' leave by two weeks. The question of a mother's pay or a housework subsidy is still the subject of a political debate.

There are a number of problems associated with reducing the supply of labour. First, it entails a conscious effort to refrain from using the nation's labour resources effectively, thereby abandoning the full-employment target as a corner stone of active manpower policy.



Secondly, such measures tend not to be reversible when the employment outlook improves. Moreover, unlike many other countries, the population structure of Finland is such that growth in the supply of labour is already decelerating strongly and should reach zero during the latter half of the next decade. Such a prospect represents a serious challenge for employment policy both at present and in the years to come.

## ITEMS

**Amendments to the Foreign Exchange Regulations.** The Bank of Finland has made certain amendments to its Foreign Exchange Regulations which became effective on March 1, 1979. The cash payment scheme for imports has been abolished, so that imports of goods previously subject to the scheme can now be financed with normal short-term import credits. The gradual easing of the financial market allowed some relaxation in its scheme in May and November of last year, with the result that goods subject to the cash payment obligation accounted for no more than about 18 per cent of the total value of visible imports. The scheme has been abolished in order to help maintain the overall ease in the financial market.

The Foreign Exchange Regulations have been further relaxed as follows: the maximum amount of travel exchange which may be taken out of the country without the Bank of Finland's special permission has been raised from 3 000 marks to 5 000 marks per person per journey; the authorized banks are allowed to sell foreign exchange for a business trip or an official journey up to an amount considered reasonable by them; the maximum amount of foreign exchange available for the payment of foreign road traffic costs has been set at 15 000 marks per driver per journey. In addition, it has also been decided to prohibit exports and imports of Finnish notes with a nominal value of more than 100 marks.

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## BANK OF FINLAND

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### Board of Management

Mauno Koivisto

*Governor*

Ahti Karjalainen                      Pentti Uusivirta

Rolf Kullberg                              Ele Alenius

Harri Holkeri

---

### Directors

Markku Puntila                              Seppo Lindblom

Eino Helenius                                Pentti Koivikko

Kari Nars                                      Antti Lehtinen

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### Senior officials

Pertti Kukkonen

*Director ADP-planning*

Ralf Pauli

*Deputy, Monetary Policy*

Raimo Hyvärinen

*Domestic Financial Operations*

Kari Pekonen

*Foreign Exchange Policy*

Raine Panula

*Foreign Exchange*

Kari Holopainen

*Eastern Trade*

Antti Saarlo

*Special Eastern Affairs*

Pekka Tukiainen

*Capital Transfers*

J. Ojala

*Foreign Exchange Control*

Kari Puumanen

*Economics Dept.*

Heikki Koskenkylä

*Research Dept.*

Markku Pietinen

*Information and Publications*

H. T. Hämäläinen

*Administration and Legal Affairs*

Timo Männistö

*Internal Audit*

U. Levo

*International Legal Affairs*

Erkki Vehkamäki

*Automatic Data Processing*

Pauli Kanerva

*Personnel Administration and  
General Affairs*

Stig G Björklund

*Banking Services*

Antti Luukka

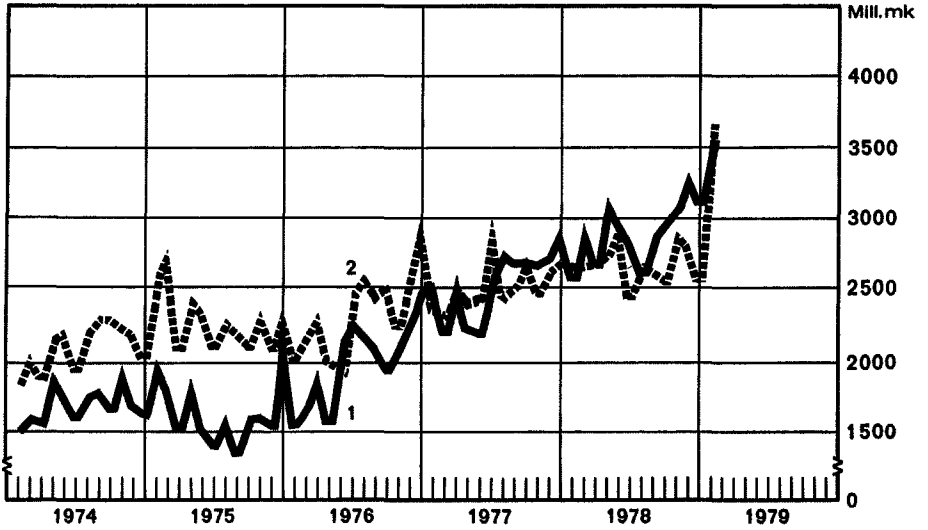
*Cash*

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FOREIGN TRADE, 1974-79

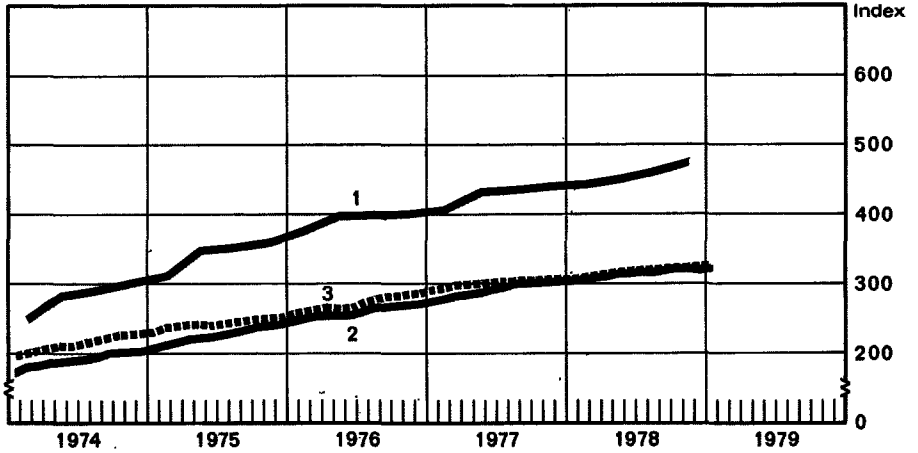
- 1. Exports f.o.b.
- 2. Imports c.i.f.

Seasonally adjusted monthly figures



PRICES AND WAGES, 1974-79

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



PRODUCTION, 1973-78

- 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

