



BANK OF FINLAND

Monthly Bulletin

The budget proposal for 1980

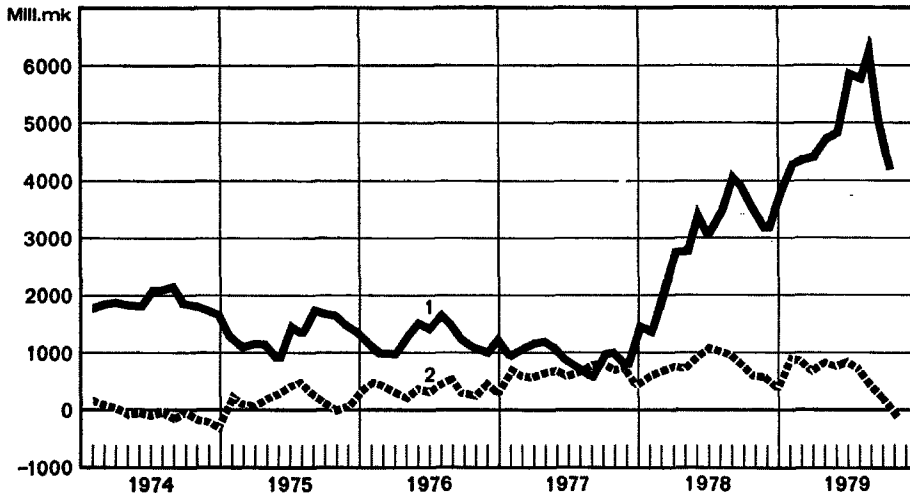
The revision of Finnish company law

**Finland's gross long-term foreign debt
in January—September 1979**

DECEMBER 1979

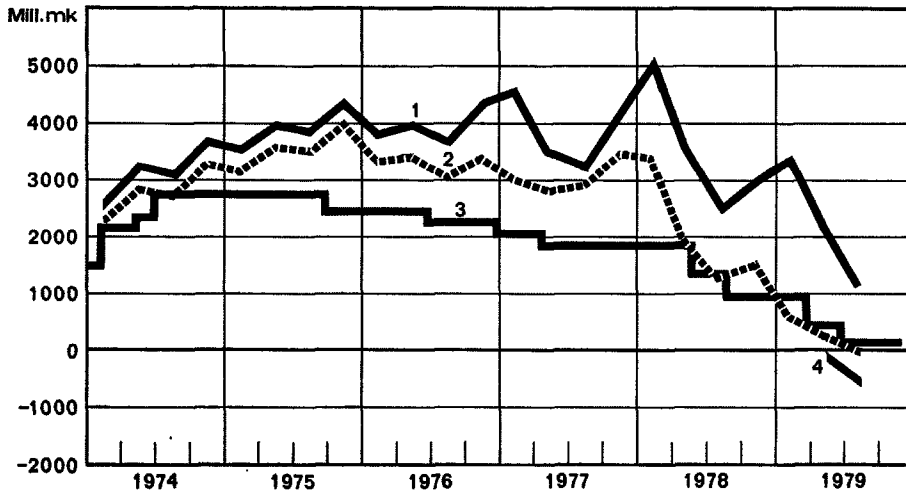
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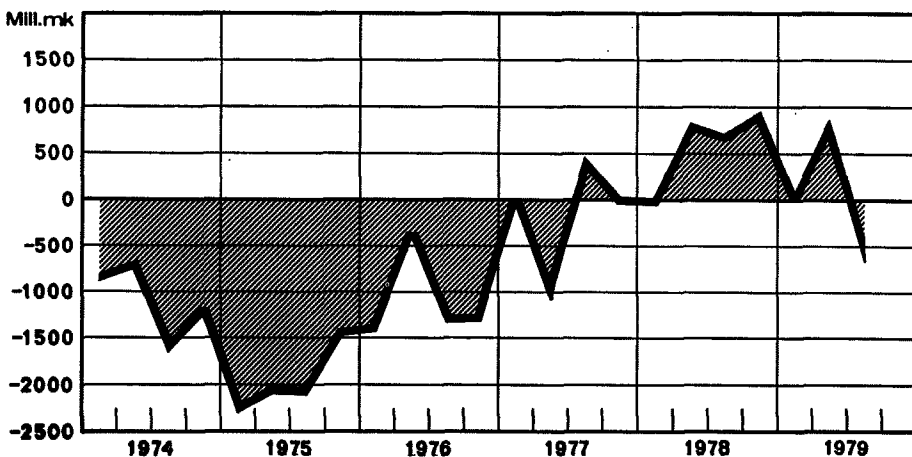
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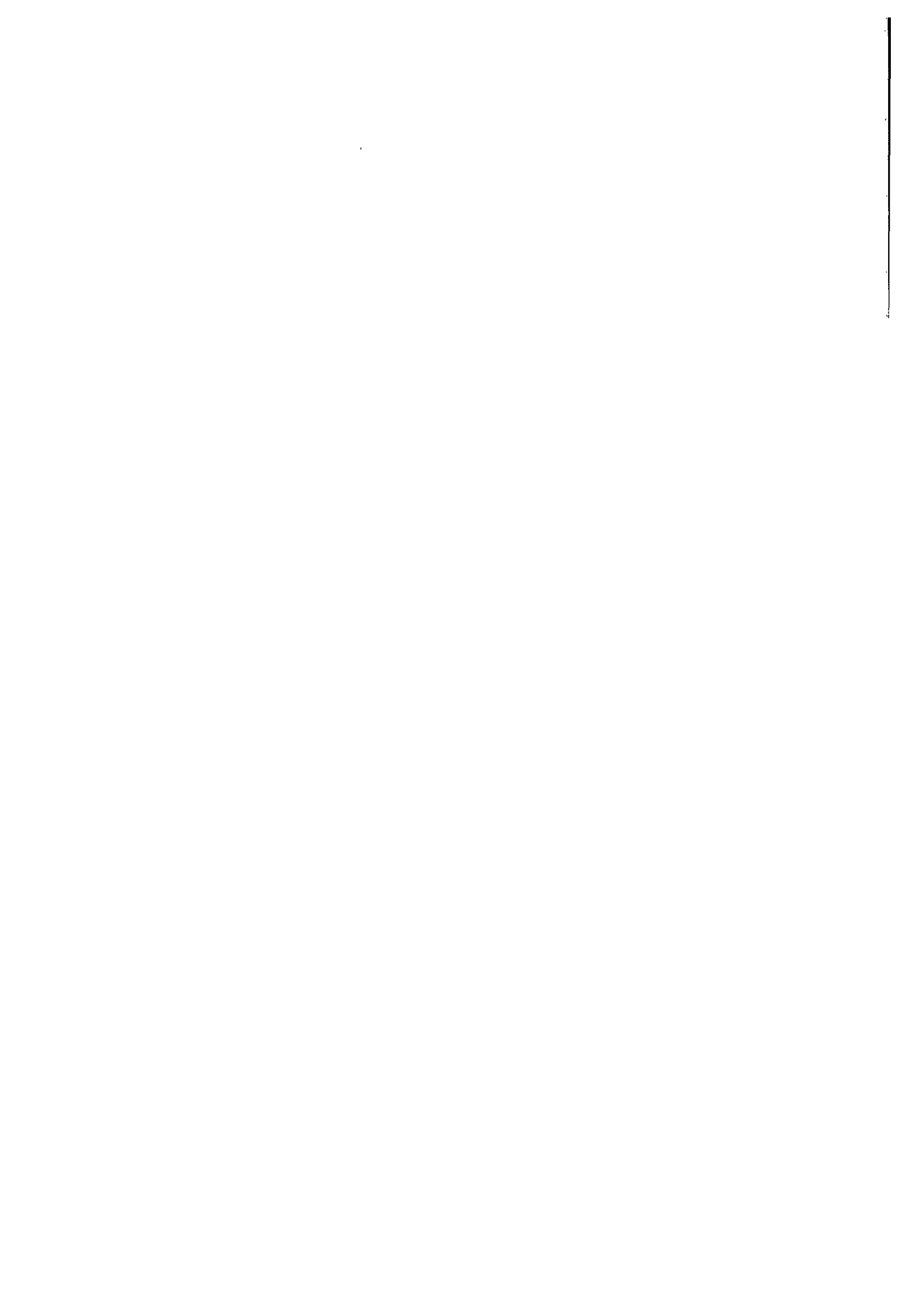
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THE BUDGET PROPOSAL FOR 1980

By Economics Department

Ministry of Finance

Financial policy in recent years has aimed at creating the prerequisites for improving employment by curbing inflation and increasing the competitiveness of firms. To attain these goals financial policy gradually shifted to a more reflationary stance during 1977—1978. The competitiveness and investment opportunities of firms have been promoted through the reduction of non-wage labour costs and the alleviation of indirect tax on investment. The purchasing power of households has been increased and the way paved for wage agreements by means of fiscal measures and income transfers, while efforts have been made to improve the employment situation especially through measures designed to reduce unemployment amongst young people.

According to a forecast made in August and presented together with the budget proposal, the growth in GDP volume will decline during the second half of 1980, while average growth for the year as a whole is estimated to be about 4 per cent. Of the demand components, private investment should account for the sharpest increase, but also the growth of private consumption is likely to remain favourable with the volume of domestic demand forecast to grow by 5.5 per cent in all. The rapid rise in exports is expected to decelerate with the slowdown in international growth.

Budgeted state expenditure for 1980 totals 48 888 million marks, 12 per cent more than in the 1979 ordinary budget. In volume terms, however, cash outlays are only about 2 per cent larger than in the budget proposal for 1979. The budget will be balanced by borrowings of 5 900 million marks, equivalent to 12 per cent of budgeted revenue. Of this sum, 2 800 million marks will go to cover debt service costs.

The budget proposal for 1980 is designed to contribute to the reduction of unemployment next year to a maximum of 5 per cent of the labour force. Although unemployment will still remain high in relation to the long-term average, it is apparent that the stimulation of economic activity in general increases the risk of inflation at much lower levels of capacity utilisation than in the past; employment policy, therefore, must more than before rely on selective measures.

To promote the employment of special categories the budget proposal thus includes various selective measures, such as employment grants to municipalities, subsidies for the recruitment of young people, additional appropriations for public sector office work and extra vocational training for the unemployed. The aim is also to check the supply of labour by, for example, extending the leave of absence for parents, supporting day care of children at home and temporarily lowering the unemployment pension age. The government sector's traditional public works programmes will constitute a smaller share than in previous years. Together the special employment measures will affect more than 100 000 people next year.

The risk of increased inflation is underlined by uncertainty as to the development of world market prices, especially oil prices. Rises in indirect government taxes and charges will increase cost pressures next year by no more than roughly 1 percentage point or about as much as this year. On the other hand, the continuation of the reduction of employers' health insurance contributions and the termination of employers' child allowance payments will help to relieve these pressures. Since the general pension insurance contributions are to be increased, employers' social security pay-

ments (based on the wage bill) will go up by 0.5 percentage points in all. As for consumer prices, the aim is to limit their growth rate in 1980 to the average rate prevailing this year, i.e. to 7.5 per cent.

Next year's fiscal policy is designed as before to preserve the purchasing power of households and thus to avoid the need for inflationary nominal wage increases. Income and wealth taxation of physical persons will be reduced so as to correspond to a 7.5 per cent increase in the price level. Several important deductions have been revised with more than due allowance for inflation, and a new deduction made on earned income has been introduced. In addition, to support the activity of small and medium-sized firms in particular, a quite substantial extra reduction in wealth tax schedules will be implemented. In recent years the structure of taxation has shifted towards more indirect taxation. According to the budget proposal, the ratio between indirect and direct taxes is not to be altered in 1980. The sales tax rate will be unchanged and the sales tax deduction granted to industrial investment will remain, even if somewhat reduced. The temporary reduction of social security contributions of the insured will also be continued in 1980.

Besides employment subsidies, the other main areas of expenditure in the budget proposal for 1980 include the implementation of a large programme for energy conservation approved by the Council of State, research on methods of improving the real competitiveness of the economy, and the expansion of product development and export promoting activities. The appropriations proposed for the support of industry in 1980 are 17 per cent larger and

those for the promotion of energy conservation 41 per cent larger than this year.

The budget proposal also aims at securing the continued financing of existing major social welfare programmes. For example, despite the continuation of the reduction in the pension contributions of the insured, the central government's share in financing the assistance benefits of the basic pension scheme will be increased in order to ensure the additional financing required by the renewal of the national pension scheme. The growth of budget expenditure will also be sustained by the increase of that share of the municipalities' national health, day care and old age services paid for by the central government. However, the increase in outlays caused by the comprehensive school system is likely to slow down along with declining numbers of pupils, and hospital development has reached a stage where additional funds are less urgently required.

According to the budget proposal, state finance, and public finance in general, will have a slightly restraining aggregate effect on economic activity next year. For example, central government fixed investment has been allocated a smaller volume in the budget proposal for 1980 than this year. Since economic development is expected to slacken in the second half of 1980, this is thought to leave some scope for additional measures later on when a better picture of the strength and substance of these developments can be formed.

November 20, 1979

BANK OF FINLAND

Mill. mk

	1978		1979				
	Nov. 30	Dec. 31	Nov. 8	Nov. 15	Nov. 23	Nov. 30	
Assets							
Gold and foreign exchange receivables	3 889	4 339	4 229	4 041	3 798	3 583	
Gold	133	169	169	169	169	169	
Special drawing rights	155	316	445	445	445	450	
IMF reserve tranche	246	243	236	236	236	236	
Convertible currencies	2 718	3 126	3 264	3 081	2 833	2 605	
Tied currencies	637	485	115	110	115	123	
Other foreign receivables	2 553	1 968	2 886	2 886	2 889	2 889	
Foreign bills ¹	619	—	—	—	—	—	
Foreign bonds	824	872	1 780	1 780	1 783	1 783	
Mark subscription to Finland's IMF quota	1 110	1 096	1 106	1 106	1 106	1 106	
Receivables from financial institutions	3 526	3 695	3 649	4 639	4 319	4 353	
Banks' cheque accounts	169	137	142	245	154	195	
Discounted bills	968	970	—	—	—	—	
Call money market advances	1 995	2 213	3 087	3 971	3 745	3 735	
Bonds	373	361	392	393	393	393	
Other financial institution receivables	21	14	28	30	27	30	
Receivables from the public sector	624	633	865	867	865	867	
Government promissory notes	188	188	346	346	346	346	
Bonds	100	93	145	146	146	148	
Total coinage	335	336	370	370	371	371	
Other public sector receivables	1	16	4	5	2	2	
Receivables from corporations	1 297	1 948	2 478	2 478	2 553	2 582	
Financing of exports ²	243	904	1 196	1 191	1 261	1 282	
Financing of domestic deliveries	758	752	945	948	952	951	
Bonds	217	207	202	202	202	213	
Other corporate receivables	79	85	135	137	138	136	
Other assets	65	64	70	70	71	71	
	Total	11 954	12 647	14 177	14 981	14 495	14 345
Liabilities							
Foreign exchange liabilities	46	60	302	395	629	651	
Convertible accounts	31	46	23	27	22	23	
Tied accounts	15	14	279	368	607	628	
Other foreign liabilities	2 197	2 195	1 899	1 899	1 899	1 899	
IMF mark accounts	1 897	1 881	1 445	1 445	1 445	1 445	
Allocations of special drawing rights	300	314	454	454	454	454	
Notes and coins in circulation	3 492	3 822	3 947	4 000	4 034	4 156	
Notes	3 191	3 509	3 609	3 661	3 693	3 812	
Coins	301	313	338	339	341	344	
Deposit certificates in circulation	890	1 090	2 390	2 390	2 040	2 040	
Claims of financial institutions	2 276	2 520	2 368	3 044	2 659	2 496	
Banks' cheque accounts	2	2	2	1	1	3	
Call money market deposits	1 821	2 075	968	1 651	1 263	836	
Cash reserve deposits	—	—	1 232	1 232	1 232	1 496	
Capital import deposits	404	405	159	158	157	156	
Other financial institution claims	49	38	7	2	6	5	
Claims of the public sector	138	114	389	387	384	381	
Cheque accounts	0	2	1	0	0	0	
Counter-cyclical reserves	38	40	40	40	40	40	
Capital import deposits	99	70	348	347	344	341	
Other public sector claims	1	2	0	0	0	0	
Claims of corporations	360	356	472	451	446	456	
Deposits for investment and ship purchase	37	32	131	131	131	133	
Capital import deposits	305	303	338	316	313	321	
Import levy deposits	5	6	1	1	1	1	
Other corporate claims	13	15	2	3	1	1	
Other liabilities	21	12	14	13	13	13	
Equalization accounts	459	350	313	341	348	322	
Capital accounts	2 075	2 128	2 083	2 061	2 043	1 931	
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400	
Reserve fund	545	545	636	636	636	636	
Undisposed profits	—	—	92	92	92	—	
Net earnings	130	183	—45	—67	—85	—105	
	Total	11 954	12 647	14 177	14 981	14 495	14 345

¹ From Dec. 31, 1978 included in Financing of exports. ² 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											
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
March	4 508	39	4 469	754	2 288	2 213	5 298	821	113	-708	2 068
April	4 790	28	4 762	900	2 366	2 213	5 815	822	113	-709	2 288
May	4 906	25	4 881	824	2 548	2 077	6 176	828	112	-716	2 588
June	5 999	30	5 969	901	2 637	2 077	7 430	844	41	-803	3 378
July	5 867	20	5 847	770	2 796	2 077	7 336	853	373	-480	3 378
Aug.	6 523	26	6 497	504	2 971	1 899	8 073	848	374	-474	3 378
Sept.	5 054	20	5 034	186	3 107	1 899	6 428	859	364	-495	2 390
Oct.	4 195	21	4 174	-157	2 966	1 899	5 084	866	388	-478	2 390
Nov.	3 460	23	3 437	-505	2 889	1 899	3 922	867	381	-486	2 040

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1978			Net holding, Oct. 31, 1979			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Oct.	Jan.—Oct.
Gold	169	—	169	169	—	169	—	—
Special drawing rights	315	—	315	453	—	453	+ 5	+ 138
IMF reserve tranche	243	—	243	236	—	236	—	7
Convertible currencies	3 080	-2 072	1 008	3 317	-3 092	225	-203	- 783
Total	3 807	-2 072	1 735	4 175	-3 092	1 083	-198	- 652
Non-convertible currencies	471	152	623	-157	47	-204	-526	- 827
Grand total	4 278	-1 920	2 358	4 018	-3 139	+879	-724	-1 479

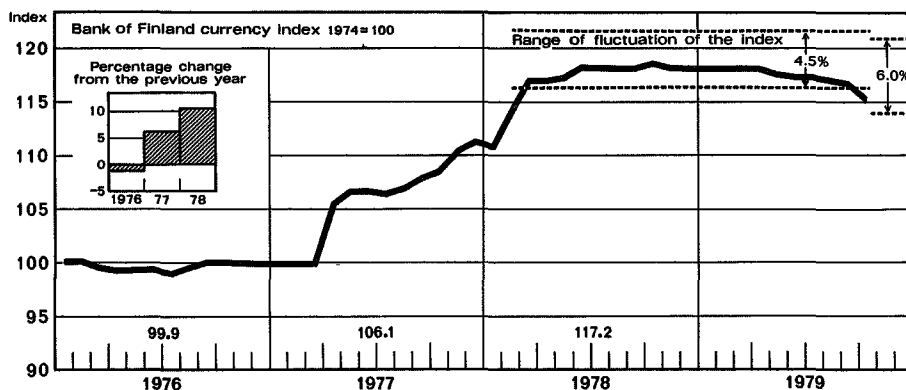
End of year or month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Dis-counted and redis-counted bills	Cheque account receivables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net receivables (1+2+3-4-5-6)	Permanent special financing schemes	Liabilities, net	Net receivables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
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

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
March	829	113	1 735	2 138	—	-23	562	1 693	27	1 666	3 740
April	349	176	1 808	2 078	—	-116	371	1 673	10	1 663	3 822
May	379	138	1 368	1 589	115	-174	355	1 742	98	1 644	3 923
June	295	116	736	1 246	235	-210	-124	1 827	67	1 760	4 186
July	—	376	935	1 104	482	-287	12	1 884	55	1 829	4 025
Aug.	—	330	392	1 038	730	-276	-770	1 909	60	1 849	4 022
Sept.	—	119	1 919	1 334	989	-312	27	1 923	144	1 779	4 072
Oct.	—	232	2 894	1 058	1 232	-284	1 120	2 173	150	2 023	3 963
Nov.	—	192	3 735	836	1 496	-262	1 857	2 233	107	2 126	4 156



MONETARY POLICY INDICATORS

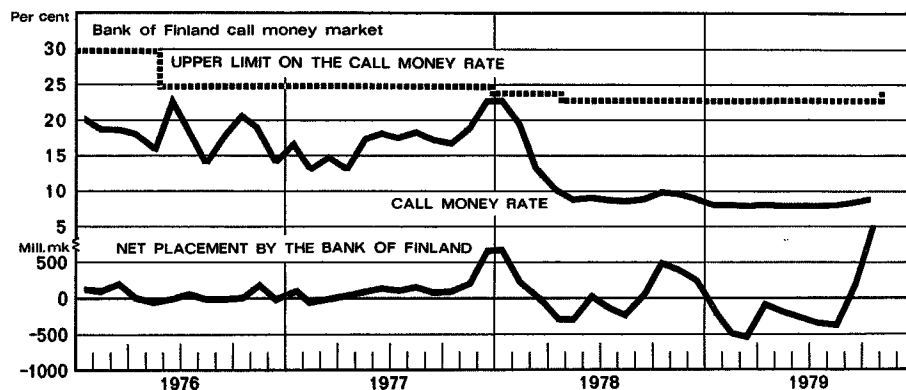
Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks ^a mill. mk	Cash reserve deposits of the commercial banks ^a 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 ¹ %
	1	2	3	4	5	6	7	8	9	10
1972	809	798	1 224	—	—	—	7.75	—	7.75	7.87
1973	2 042	1 819	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 ²	9.25	26.80 ²	12.10	9.65
1976	4 001	3 345	2 400	—	—	79	9.25	18.40	12.38	9.69
1977	3 914	3 094	1 967	—	—	149	9.00	17.20	11.82	9.54
1978	3 573	2 070	1 475	—	—	90	7.58	11.99	8.88	8.22
1978										
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	7.83
Feb.	3 814	553	1 000	—	—	-509	7.25	8.40	7.59	7.83
March	3 138	455	1 000	—	—	-588	7.25	8.29	7.53	7.81
April	2 682	417	500	—	—	-143	7.25	8.42	7.76	7.82
May	2 343	292	500	4	3	-226	7.25	8.35	7.65	7.83
June	1 499	200	500	123	108	-308	7.25	8.35	7.52	7.83
July	1 257	-180	200	243	212	-388	7.25	8.31	7.68	7.84
Aug.	784	-208	200	490	427	-407	7.25	8.36	7.61	7.83
Sept.	1 427	395	200	756	658	198	7.25	8.68	8.03	7.85
Oct.	2 905	1 216	200	997	868	1 018	7.25	9.13	8.50	..
Nov.	3 760	2 512	200	1 241	1 078	2 298	8.50	12.87

See explanations on page 22.

¹ End of period.

² 1. 9.—31. 12. 1975.

^a See Bulletin April, 1979, page 1.

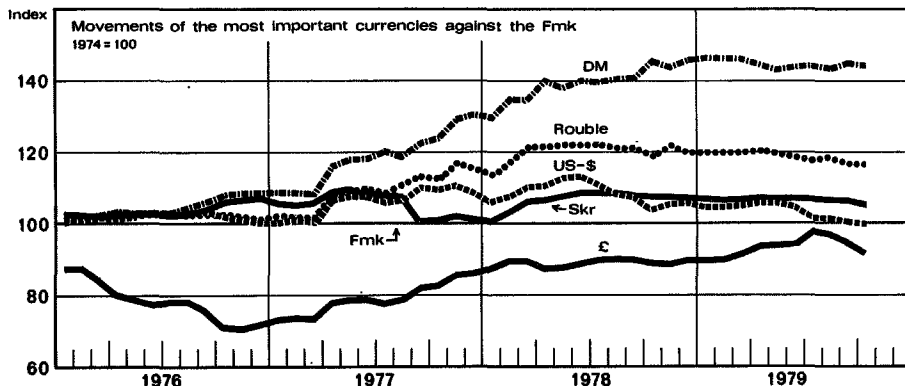


FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange, mk

Period	Average selling rates for foreign exchange, mk									Currency index 1974 = 100
	New York 1 US \$ USD	London 1 £ GBP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Zurich 100 Sfr CHF	Paris 100 FF FRF	Moscow 1 Cl Rbl SUR	
	1	2	3	4	5	6	7	8	9	10
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										
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
March	3.983	8.132	91.49	78.45	77.05	214.34	237.14	93.23	6.024	118.5
April	4.012	8.332	91.65	78.33	76.40	212.10	234.14	92.55	6.055	118.5
May	4.013	8.276	91.59	77.63	74.76	210.53	232.49	91.31	6.032	117.8
June	3.973	8.390	91.71	77.29	73.35	210.71	233.39	91.21	5.956	117.5
July	3.851	8.716	91.52	76.66	73.75	211.37	234.03	91.04	5.915	117.5
Aug.	3.845	8.620	91.34	76.71	73.25	210.34	232.22	90.59	5.942	117.2
Sept.	3.821	8.415	91.38	76.95	73.85	212.88	236.64	91.23	5.858	116.9
Oct.	3.780	8.132	90.09	76.39	72.57	211.60	232.68	90.46	5.845	115.4
Nov.	3.794	8.097	90.03	75.82	72.41	213.96	230.42	91.43	5.828	115.4

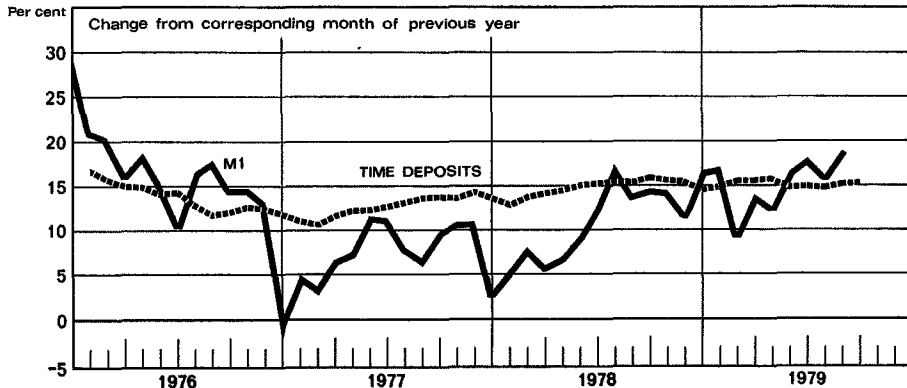
See explanations on page 22.



DEPOSITS BY THE PUBLIC

Mill. mk

End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commer- cial banks	Savings banks & Co-op. banks	Posti- pankki	All depos- it banks	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	All depos- it banks	
	1	2	3	4	5	6	7	8	9	
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
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1978										
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
Dec.	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1979										
Jan.	4 138	1 579	2 089	7 806	16 951	14 720	11 454	4 917	48 042	55 848
Feb.	3 544	1 629	2 081	7 254	17 267	15 045	11 716	5 004	49 032	56 286
March	3 717	1 589	2 108	7 414	17 521	15 231	11 803	5 085	49 640	57 054
April	3 837	1 670	1 995	7 502	17 816	15 405	11 966	5 112	50 299	57 801
May	4 244	1 777	2 271	8 292	17 692	15 584	12 140	5 140	50 556	58 848
June	4 373	1 842	2 678	8 893	17 978	15 932	12 330	5 176	51 416	60 309
July	4 160	1 944	2 700	8 804	18 189	16 153	12 481	5 253	52 076	60 880
Aug.	4 195	1 969	2 747	8 911	18 389	16 390	12 698	5 304	52 781	61 692
Sept.	3 900	2 053	2 818	8 771	18 441	16 447	12 716	5 350	52 954	61 725



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

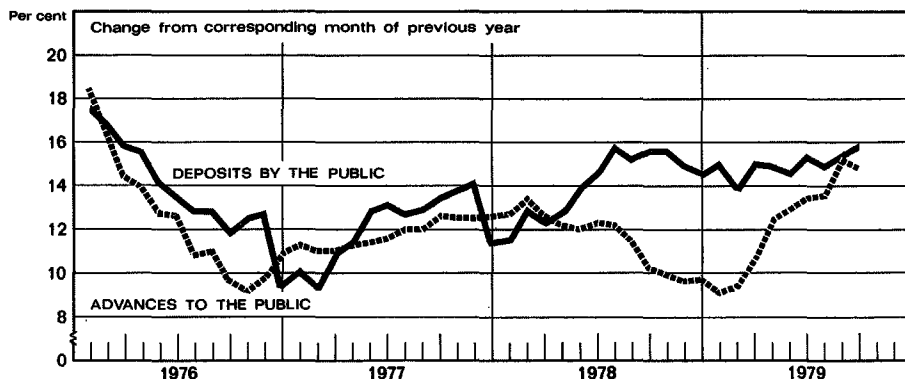
End of year and month	Advances granted by				Types of advances				Money Supply	
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency	Total (1 to 4) (5 to 7)	M ₁	M ₁ +Quasi- Money
	1	2	3	4	5	6	7	8	9	10
1975	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
1978	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682

1978

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
Dec.	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682

1979

Jan.	26 250	14 214	12 272	6 986	52 889	1 746	5 087	59 722	11 544	61 064
Feb.	26 735	14 373	12 348	7 160	53 558	1 876	5 182	60 616	11 102	61 615
March	27 186	14 446	12 446	7 196	53 701	1 805	5 768	61 274	11 442	62 463
April	28 170	14 598	12 548	7 342	54 374	1 816	6 468	62 658	11 577	63 203
May	28 384	14 826	12 747	7 423	55 035	1 761	6 584	63 380	12 435	64 350
June	28 860	14 991	12 940	7 631	55 528	1 781	7 113	64 422	13 269	65 833
July	28 758	15 224	13 124	7 603	56 256	1 839	6 614	64 709	13 161	66 293
Aug.	29 072	15 489	13 372	7 803	57 002	1 798	6 936	65 736	13 274	67 140
Sept.	28 923	15 732	13 595	7 848	57 931	1 914	6 253	66 098



STATE FINANCES

Mill. mk

Revenue	Jan.—Sept.		Expenditure	Jan.—Sept.	
	1978	1979		1978	1979
Income and wealth tax (net)	6 421	7 605	Wages, salaries, pensions etc.	4 685	5 244
Gross receipts	(19 995)	(21 936)	Repair and maintenance	615	690
Refunds & local authorities	(-13 574)	(-14 331)	Other consumption expenditure	2 360	2 764
Other taxes on income and wealth	196	197	Total consumption expenditure	7 660	8 698
Employers'child allowance payments	765	411	State aid to local authorities	6 051	6 310
Sales tax	6 774	7 416	State aid to industries	3 540	4 621
Customs duties and import charges and levies	647	781	of which: agric. price subsidies	(1 876)	(2 176)
Excise duties	4 623	5 814	Child allowances	854	921
Excise duty on alcoholic beverages	1 464	1 790	Share in national pensions and sickness insurance schemes	241	249
Excise duty on tobacco	639	686	Other transfer expenditure	3 356	3 897
Excise duty on liquid fuel	1 647	1 804	Total transfer expenditure	14 042	15 998
Other excise duties	873	1 534	Machinery and equipment	986	1 036
Tax on autom. and motor-cycles	639	961	Construction of buildings	501	546
Stamp duties	582	637	Land and waterway construction	1 084	1 171
Special diesel etc. vehicles tax	116	114	Total real investment	2 571	2 753
Other taxes and similar revenue	595	688	Interest on State debt	382	598
Total taxes	21 358	24 624	Net deficit of State enterprises	-46	-285
Miscellaneous revenue	1 617	1 845	Other expenditure	36	40
Interest, dividends etc.	553	603	Total other expenditure	372	353
Redemptions of loans granted	352	423	Increase in inventories	-80	-34
Total revenue	23 880	27 495	Lending	1 961	2 163
Foreign borrowing	2 488	2 155	Other financial investment	416	387
Domestic borrowing	1 513	1 740	Total expenditure	26 942	30 318
Total borrowing	4 001	3 895	Redemption of foreign loans	118	185
Deficit (+) or surplus (-)	-382	-119	Redemption of domestic loans	439	768
			Total redemptions	557	953
	Total	27 499	Total	27 499	31 271

State debt	1976	1977	1978	1979		
	Dec.	Dec.	Dec.	July	Aug.	Sept.
Foreign debt	2 248	3 679	7 360	8 285	8 478	8 413
Loans	2 175	2 963	4 607	5 191	5 431	5 416
Compensatory obligations	1	1	1	1	1	1
Short-term credit	287	175	259	129	117	109
Cash debt (net)	-643	-669	-735	-231	217	-401
Domestic debt	1 820	2 470	4 132	5 090	5 766	5 125
Total State debt	4 068	6 149	11 492	13 375	14 244	13 538
Total debt mill \$	1 069	1 493	2 859	3 474	3 705	3 544

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
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	35 206	32 338	+2 868

1978

Sept.	3 240	2 718	+522
Oct.	3 437	3 040	+397
Nov.	3 636	3 140	+496
Dec.	3 364	2 906	+458

1979*

Jan.	3 438	3 564	-126
Feb.	2 813	2 389	+424
March	3 459	3 163	+296
April	3 375	3 159	+216
May	4 008	3 657	+351
June	3 495	3 316	+179
July	3 523	3 791	-268
Aug.	3 362	3 820	-458
Sept	3 354	3 867	-513

Jan.-Sept.

1978	24 762	23 248	+1 514
1979*	30 827	30 726	+ 101

Indices of exports and imports
1975 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1974	121	100	85	
1975	100	100	100	100	100
1976	117	96	103	107	96
1977	129	88	119	124	96
1978	138	84	126	138	91

1977

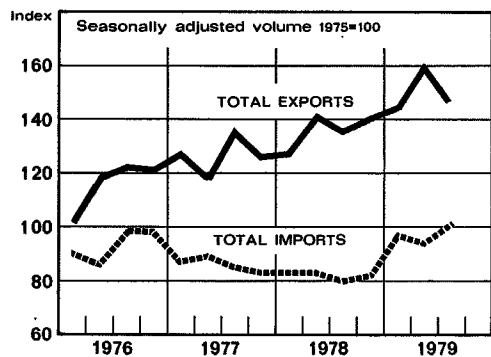
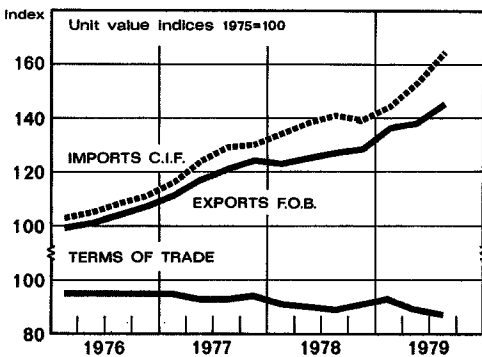
Jan.-March	123	83	112	117	96
Apr.-June	115	88	118	125	94
July-Sept.	129	84	122	130	94
Oct.-Dec.	143	93	125	131	95

1978

Jan.-March	124	78	124	135	92
Apr.-June	136	83	126	139	91
July-Sept.	128	79	128	142	90
Oct.-Dec.	160	93	129	140	92

1979*

Jan.-March	140	90	137	145	94
Apr.-June	154	94	139	154	90
July-Sept.	138	99	146	165	88



FOREIGN TRADE BY MAIN GROUPS

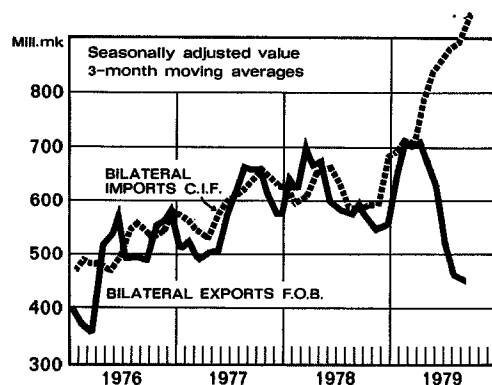
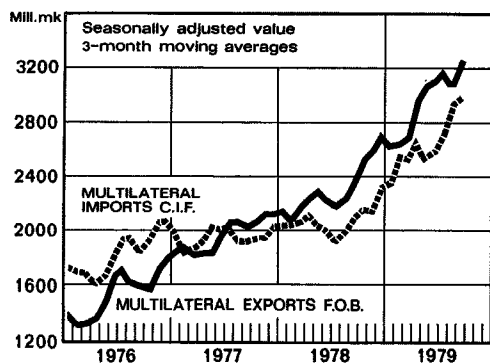
Mill. mk

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	
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	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52

1978										
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.	50	498	918	1 122	1 048	2 069	197	408	462	4
Dec.	248	421	936	1 021	738	1 908	260	374	361	3

1979*										
Jan.	266	458	918	794	1 002	2 249	235	539	539	2
Feb.	16	337	890	725	845	1 623	83	315	367	1
March	258	327	1 128	797	949	1 964	64	529	604	2
April	17	441	1 107	896	914	1 950	110	585	511	3
May	187	590	1 148	923	1 160	2 335	275	434	612	1
June	47	599	1 010	815	1 024	2 188	319	366	433	10
July	59	557	1 034	891	982	2 322	523	463	467	16
Aug.	58	514	1 151	639	1 000	2 492	427	426	471	4
Sept.	52	495	949	830	1 028	2 470	386	472	497	42

Jan.-Sept.										
1978	632	3 268	7 546	6 454	6 862	14 508	1 572	3 571	3 554	43
1979*	960	4 318	9 335	7 310	8 904	19 593	2 422	4 129	4 501	81



FOREIGN TRADE BY COUNTRIES¹

Mill. mk

Area and country	Exports, f. o. b.				Imports, c. i. f.			
	January—September				January—September			
	1978		1979*		1978		1979*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	62.1	15 375	67.1	20 693	58.4	13 570	57.8	17 758
Austria	0.7	176	0.7	205	1.3	312	1.3	398
Belgium and Luxembourg	1.9	460	1.5	457	1.8	419	1.9	580
Denmark	4.2	1 046	4.0	1 229	2.7	634	2.6	811
France	3.8	935	4.5	1 391	3.3	763	3.5	1 075
Federal Republic of Germany	10.1	2 511	11.1	3 433	13.6	3 158	13.4	4 121
Italy	1.7	412	2.1	658	2.3	542	2.5	766
Netherlands	3.7	918	4.2	1 295	2.9	668	2.8	864
Norway	4.5	1 120	5.1	1 589	2.8	648	2.5	760
Portugal	0.2	43	0.2	57	0.4	85	0.5	164
Spain	0.8	197	1.0	325	0.8	194	0.8	259
Sweden	14.5	3 588	15.1	4 643	14.5	3 365	14.3	4 397
Switzerland	1.7	419	1.8	544	2.1	486	1.9	589
United Kingdom	12.9	3 199	13.5	4 150	9.3	2 162	9.1	2 797
Other	1.4	351	2.3	717	0.6	134	0.7	177
OECD countries outside Europe	7.4	1 838	7.3	2 245	8.5	1 972	8.9	2 731
Canada	0.5	131	0.6	168	0.4	87	0.7	213
Japan	1.7	417	1.2	374	2.8	648	2.9	884
United States	4.1	1 019	4.6	1 428	5.1	1 180	5.1	1 565
Other	1.1	271	0.9	275	0.2	57	0.2	69
CMEA countries	20.8	5 159	16.1	4 966	23.3	5 427	23.3	7 171
Czechoslovakia	0.5	117	0.3	90	0.5	120	0.5	160
German Democratic Republic	0.7	183	0.9	272	0.6	145	0.6	185
Poland	0.6	156	0.4	141	2.4	562	1.9	582
Soviet Union	17.9	4 431	13.6	4 179	18.8	4 376	19.5	5 995
Other	1.1	272	0.9	284	1.0	224	0.8	249
Latin America	2.4	580	1.6	495	3.6	832	3.4	1 044
Argentina	0.2	49	0.3	75	0.2	55	0.3	97
Brazil	0.5	114	0.4	134	0.7	163	0.7	224
Colombia	0.1	33	0.1	42	1.2	277	0.9	274
Other	1.6	384	0.8	244	1.5	337	1.5	449
Other	7.3	1 810	7.9	2 428	6.2	1 447	6.6	2 022
GRAND TOTAL	100.0	24 762	100.0	30 827	100.0	23 248	100.0	30 726
of which								
EFTA countries	21.8	5 386	23.0	7 084	21.3	4 947	20.7	6 351
EEC countries	39.0	9 660	41.7	12 855	36.1	8 391	36.1	11 083
OECD countries	69.5	17 213	74.4	22 938	66.9	15 542	66.7	20 489

¹ 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
1978 *	35 024	32 243	+2 781	+1 683	+166	+958	+5 588	-2 853	-211	+2 524

1976

Oct.-Dec.	7 423	8 426	-1 003	+324	- 39	+ 44	- 674	-483	-40	-1 197
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1977

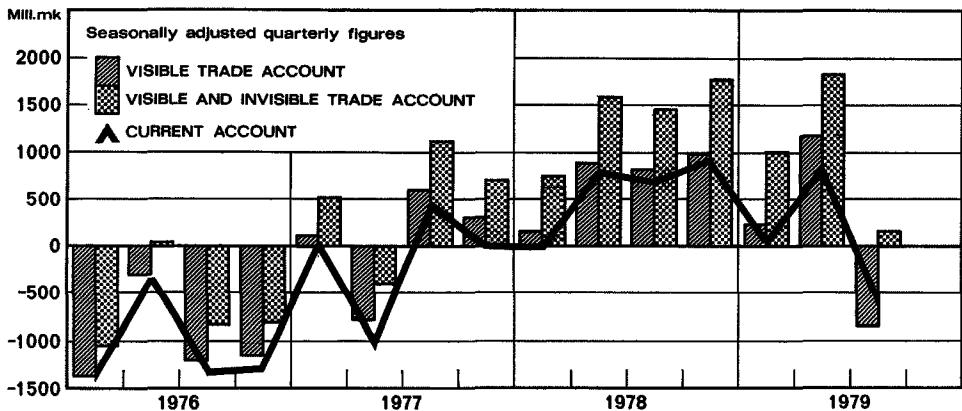
Jan.-March	6 977	6 765	+ 212	+ 331	- 80	+ 82	+ 545	- 506	-46	- 7
Apr.-June	6 817	7 689	- 872	+ 299	+ 10	+ 49	- 514	- 726	-12	-1 252
July-Sept.	7 931	7 671	+ 260	+ 377	+118	+180	+ 935	- 532	-30	+ 373
Oct.-Dec.	9 041	8 500	+ 541	+ 385	- 51	+100	+ 975	- 670	-59	+ 246

1978*

Jan.-March	7 745	7 357	+ 388	+ 378	- 66	+210	+ 910	- 613	-80	+ 217
Apr.-June	8 614	8 004	+ 610	+ 403	+ 11	+252	+1 276	- 820	-40	+ 416
July-Sept.	8 271	7 816	+ 455	+ 415	+222	+175	+1 267	- 644	-42	+ 581
Oct.-Dec.	10 394	9 066	+1 328	+ 487	- 1	+321	+2 135	- 776	-49	+1 310

1979*

Jan.-March	9 674	9 069	+ 605	+ 481	-105	+335	+1 316	- 685	-193	+ 438
Apr.-June	10 817	10 088	+ 729	+ 621	+ 21	- 8	+1 363	-1 002	- 80	+ 281

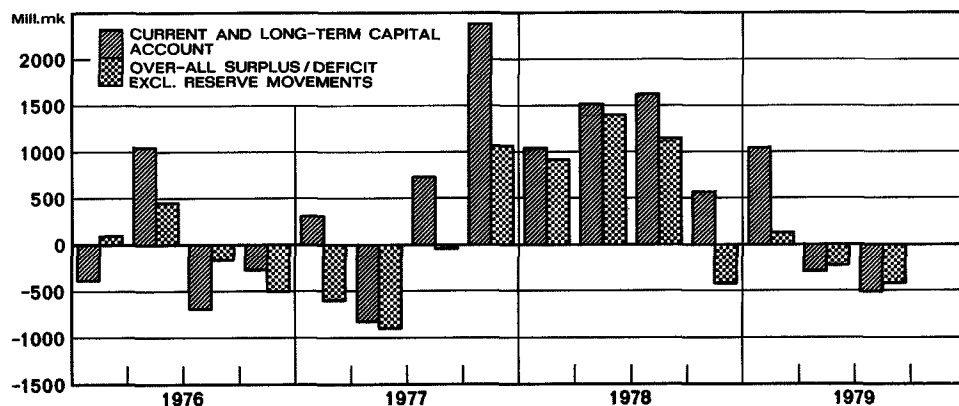


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items, incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+6 729	-1 445	-214	+ 62	+5 132	-2 842	+ 638	+1 449	+ 8	- 747	- 444	+1 191
+6 130	-1 785	-191	+ 48	+4 202	- 305	+ 138	-1 288	+1 327	- 128	+ 78	+ 50
+6 454	-2 745	-241	-229	+3 239	+2 599	-1 547	- 470	-1 071	- 489	- 170	+ 659
+9 007	-5 743	-774	-229	+2 261	+4 785	+ 130	-2 188	+ 313	+3 040	-2 339	- 701
+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	-166	- 17	+ 839	+1 056	- 479	- 402	+ 749	+ 924	-1 556	+ 632
+2 900	-1 733	- 1	- 51	+1 115	+1 531	+ 328	- 402	- 57	+1 400	- 687	- 713
+2 265	-1 089	- 96	- 39	+1 041	+1 622	+ 20	- 692	+ 194	+1 144	- 607	- 537
+1 966	-2 067	-511	-122	- 734	+ 576	+ 261	- 692	- 573	- 428	+ 511	- 83
+2 202	-1 626	- 8	+ 50	+ 618	+1 056	- 46	- 59	- 824 ²	+ 127	- 913	+ 786
+1 267	-1 453	-218	-175	- 579	- 298	- 34	- 58	+ 154	- 236	-1 760	+1 996

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

¹ Including Direct investment, net.

² Including Allocations of special drawing rights 139 million.

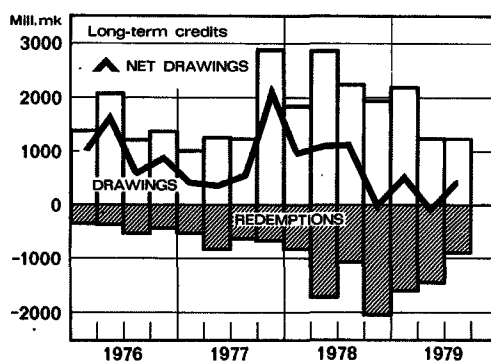
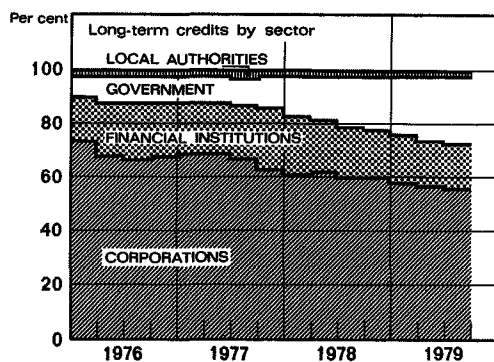


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (9-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
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
1976										
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	840	5 012	25 107	6 068	1 774	159	33 108	28 096
June	2 517	1 759	862	5 138	26 769	6 134	1 865	159	34 927	29 789
Sept.	2 548	1 785	885	5 218	28 212	5 812	1 885	187	36 096	30 878
Dec.	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979*										
March	3 001	1 972	1 008	5 981	28 214	5 584	1 924	221	35 943	29 962
June	3 179	2 089	1 029	6 297	27 763	5 172	1 923	226	35 084	28 787

See explanations on page 22.

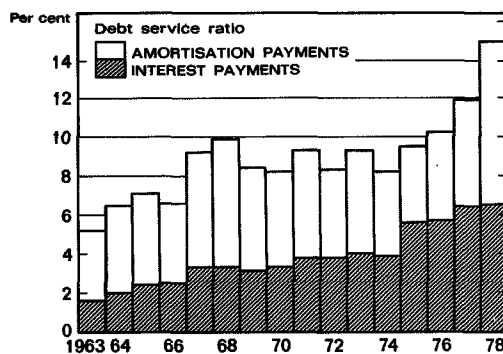
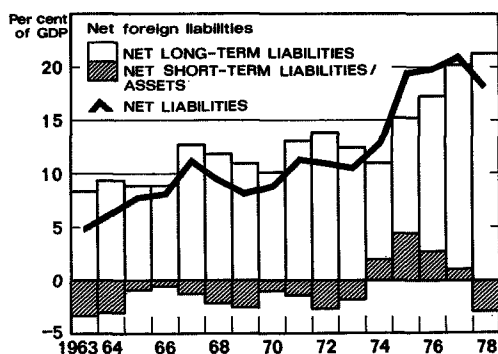


FINLAND'S FOREIGN ASSETS AND LIABILITIES

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
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	6 622	3 769
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
5 491	3 409	7 233	16 133	1 293	6 594	7 559	15 446	-687	27 409	1 392	779
6 748	4 097	7 456	18 301	1 772	6 610	7 751	16 133	-2 168	27 621	1 493	673
7 003	4 412	7 779	19 194	1 483	6 264	7 419	15 166	-4 028	26 850	1 628	984
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	2 109	1 333
7 804	4 072	8 281	20 157	1 611	6 692	7 305	15 608	-4 549	25 413	1 969	1 284
9 871	3 939	8 466	22 276	1 604	8 404	7 376	17 384	-4 892	23 895	2 084	1 082

See explanations on page 22.



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975 = 100 ¹						Building costs 1973 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1977	692	119.2	119.7	117.3	114.1	132.7	121.3	171.4	154.0	175.9
1978	727	125.8	124.1	131.8	119.2	140.3	129.5	180.8	161.0	186.0
1978										
Dec.	747	129.0	127.1	135.4	122.3	143.3	132.9	185.4	168.3	189.4
1979										
Jan.	752	130.4	128.5	137.1	123.9	145.4	133.5	188.1	169.5	192.6
Feb.	760	131.7	129.7	138.8	125.4	146.6	134.4	189.0	170.5	194.6
March	763	133.3	130.8	142.3	127.6	147.1	135.4	193.0	177.4	195.7
April	770	134.0	131.6	142.4	128.1	147.6	136.8	195.0	179.1	197.8
May	772	134.9	132.4	143.7	129.0	148.5	137.6	197.1	179.1	200.8
June	783	136.8	133.6	148.0	131.9	148.9	138.5	199.2	179.1	203.7
July	800	139.1	135.9	150.3	134.4	150.5	140.5	199.7	179.1	204.3
Aug.	796	139.9	136.5	151.6	135.4	151.9	140.6	201.0	179.1	206.5
Sept.	813	142.1	138.3	155.1	138.2	153.9	141.4	203.5	179.1	210.3
Oct.	822	143.6	139.9	156.8	139.8	155.5	142.9	205.0	179.1	212.4

¹ New series, see item Bulletin 10/1979.

Period	Consumer prices 1977 = 100 ¹										
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1978	107.8	104.4	114.6	105.8	106.3	106.4	105.2	112.4	111.1	108.2	109.2
1978											
Dec.	110.4	105.0	118.4	111.5	107.4	107.3	108.4	119.8	114.6	111.9	112.7
1979											
Jan.	111.3	104.6	129.0	109.6	107.4	107.3	109.4	122.6	114.4	112.6	114.8
Feb.	112.6	106.6	129.4	110.4	111.4	107.2	109.8	122.8	114.6	112.9	115.4
March	113.4	107.5	129.4	111.7	111.4	109.0	110.2	122.8	116.4	112.8	115.9
April	114.4	107.8	129.4	115.5	111.4	108.9	112.6	123.4	118.1	115.1	116.8
May	114.8	107.9	129.4	116.0	113.0	108.9	112.9	123.4	117.8	115.5	117.4
June	115.6	108.1	129.4	116.0	113.0	114.3	113.5	123.4	120.4	115.7	117.9
July	116.2	109.1	129.5	114.6	113.0	114.9	114.9	123.8	122.1	115.8	118.3
Aug.	116.7	109.0	129.5	116.1	115.1	115.1	115.5	123.9	122.0	116.2	118.7
Sept.	117.7	109.8	129.5	118.4	115.1	120.5	116.3	124.9	123.4	116.8	119.4
Oct.	118.4	111.2	129.5	120.8	115.1	121.0	118.9	124.7	123.2	117.0	120.6

¹ New series.

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*	763	521	481	413	408	394	488	398	513	463
1977										
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	731	502	472	399	396	385	471	386	496	448
Apr.-June	754	516	476	404	399	388	483	391	509	457
July-Sept.	764	522	477	417	411	395	493	402	518	467
Oct.-Dec.	792	544	499	432	427	408	506	416	531	481
1979*										
Jan.-March	810	559	507	453	437	423	523	433	545	496
Apr.-June	862	567	514	464	449	432	535	442	559	508

PRODUCTION

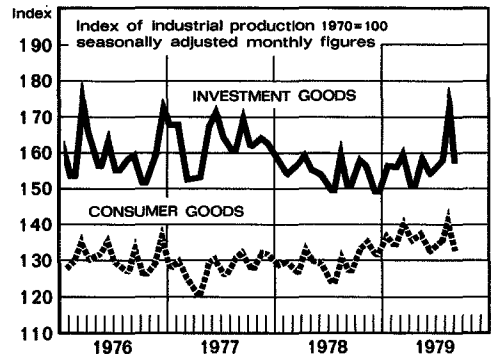
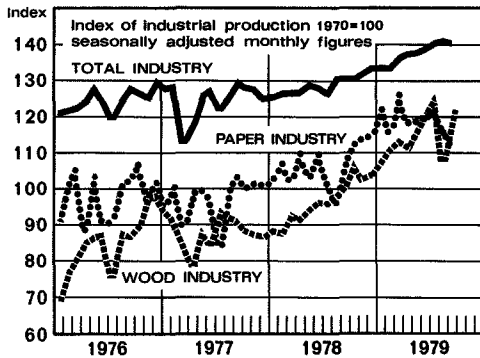
Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1977										
Jan.-March	99	105	80	115	80	90	90	83	110	102
Apr.-June	100	102	87	118	76	90	93	94	110	104
July-Sept.	98	88	163	66	99	87	102	95	111	101
Oct.-Dec.	106	107	72	123	112	92	109	100	112	108
1978*										
Jan.-March	100	106	70	122	77	87	91	83	115	104
Apr.-June	102	107	80	110	79	90	101	92	115	108
July-Sept.	97	90	148	62	99	86	102	91	115	104
Oct.-Dec.	109	111	71	149	104	88	112	101	117	109
1979*										
Jan.-March	105	116	73	144	71	85	100	88	119	106
Apr.-June	109	114	79	169	69	90	112	99	118	112

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	125	165	117	129	108	89	98	149	122	149	126
1978*	130	156	125	131	115	97	108	159	123	146	129
1978*											
Aug.	134	159	128	139	125	94	108	170	124	152	131
Sept.	138	162	134	136	114	104	124	175	136	156	131
Oct.	146	176	141	146	137	116	128	191	140	165	131
Nov.	147	177	141	150	142	112	127	166	130	167	133
Dec.	129	145	125	131	114	87	105	154	109	142	134
1979*											
Jan.	145	172	142	142	113	104	128	190	118	164	134
Feb.	136	161	133	132	103	107	118	181	113	152	134
March	153	177	149	151	117	133	135	202	135	168	137
April	136	151	132	137	117	123	112	176	125	148	138
May	153	180	149	150	129	153	131	197	141	173	138
June	130	162	124	133	118	132	97	145	140	152	140
July	84	71	88	79	108	62	105	125	79	66	141
Aug.	146	175	139	152	129	105	130	185	142	164	142
Sept.	142	169	137	142	118	121	129	175	143	156	141



LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retailers' sales volume index 1972 = 100	Wholesalers' volume index 1972 = 100
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	109	120
1978								
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	139	137
1979*								
Jan.	3 587	2 210	2 025	185	8.4	3 335	101	117
Feb.	3 590	2 210	2 029	181	8.2	3 968	98	113
March	3 590	2 210	2 048	162	7.3	4 352	115	133
April	3 592	2 201	2 052	149	6.8	4 828	113	133
May	3 593	2 246	2 111	135	6.0	4 536	124	150
June	3 591	2 439	2 304	135	5.5	2 760	120	133
July	3 594	2 441	2 300	141	5.8	984	120	118
Aug.	3 592	2 347	2 227	120	5.1	1 368
Sept.	3 594	2 250	2 140	110	4.9	2 054

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building-works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1976	46.89	19.95	3.93	15.81	3.84	41.25	17.74	3.16	15.40	2.59	51.85
1977	41.88	18.86	4.22	12.11	3.71	43.70	18.10	3.07	16.80	3.33	48.12
1978*	41.98	17.90	4.97	12.72	3.68	42.56	18.21	3.77	13.59	4.21	42.78
1978*											
Jan.-March	10.21	3.72	1.02	4.06	0.92	9.06	3.93	0.67	3.34	0.77	44.63
Apr.-June	12.92	6.51	2.17	2.59	0.69	10.12	4.43	0.60	3.62	0.94	47.46
July-Sept.	11.07	4.12	1.04	4.33	0.85	9.57	3.58	1.10	2.95	1.07	49.12
Oct.-Dec.	7.79	3.54	0.74	1.74	1.21	13.07	6.02	1.29	3.44	1.38	42.78
1979*											
Jan.-March	7.75	3.32	1.23	1.95	0.77	7.38	3.37	0.69	2.42	0.62	39.45
Apr.-June	19.16	7.45	2.77	7.22	0.68	6.99	3.24	0.45	2.16	0.79	47.04

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

The balance sheet of the Bank of Finland was revised on Dec. 31, 1974 and further revised from Dec. 31, 1978, when foreign bills were included in corporate sector receivables not in receivables from the foreign sector as earlier.

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 + Mark 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 + 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 (until 30. 6. 1979, subsequently the banks have not been allowed to discount or rediscount bills) + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligation — call money deposits by the commercial banks.

Actual central bank debt of the commercial banks = Total central bank debt — Postipankki's call money placements (or + Postipankki's call money overdrafts). Postipankki accounts for the bulk of the supply of call money from the deposit banks (supply of call money, see column 4 on page 5).

Credit quotas of the commercial banks at the Bank of Finland are the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the discount rate. Before July 1979, a progressively rising interest rate was charged on credit in excess of the quota up to an absolute ceiling on quota-related debt. From July 1979, no bank may exceed its quota on average over the month. On any given day quota-related borrowing may not exceed 2.5 times the quota. The interest on this borrowing is the basic discount rate.

Bank of Finland placements in the call money market = Demand for call money by the deposit banks — Supply of call money by the deposit banks. Average cost of the total central bank debt of the commercial banks: Net costs paid to the Bank of Finland by the commercial banks, as a percentage of their total central bank debt, per annum.

FOREIGN EXCHANGE RATES

Page 7. *Exchange rates* are annual and monthly averages of the Bank of Finland's daily quotations. *Currency index* is annual and monthly average of daily index numbers.

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

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

Page 8. *Deposits by the public*. The central government and the financial institutions are mainly excluded from the public. From 1974 deposits include domestic deposits denominated in foreign currency.

Page 9. *Advances to the public*. The central government and the financial institutions are not included in the public. Postipankki's advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

Money Supply. M_1 = Finnish notes and coins in circulation — Finnish notes and coins held by the banks + Demand deposits held by the public (incl. Demand deposits at the Bank of Finland), Quasi-Money = Time deposits held by the public (incl. Time deposits at the Bank of Finland).

Note: Domestic deposits in foreign currency included in money supply since 1974. In the money supply the public includes non-monetary financial institutions.

STATE FINANCES

Page 10. Official figures computed by the Economic Department of the Ministry of Finance. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to Postipankki less cash holdings (net) of State departments and funds.

FOREIGN TRADE

Pages 11—13. Figures supplied by the Board of Customs. *Indices* (p. 11): The volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices.

Foreign trade by countries: (p. 13): from January 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, 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. Short-term assets: From 1978 the Bank of Finland's foreign bills are included in financing of exports and reclassified under the corporate sector.

Column 21 Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payments of long-term foreign assets and liabilities.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings. 1978 Debt service does not include amortisation of the Bank of Finland credit facilities.

PRICE INDICES

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

WAGES — PRODUCTION

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

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — CONSTRUCTION OF BUILDINGS

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

Parliament, comprising 200 members is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1979 is as follows: Social Democratic Party of Finland 52, National Coalition Party 47, Centre Party 36, Democratic League of the People of Finland 35, Swedish Party 10, Christian League of Finland 10, Finnish Rural Party 6 and Liberal Party 4.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1956, IDA 1960, EFTA 1961, ADB 1966, OECD 1969, and IDB 1977.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4%. Of the land area (1970) 2.7 mill. ha (9.6%) 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 (1978, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 6 272 (5%), forestry and fishing 5 409 (4%), manufacturing 35 784 (31%), construction 10 300 (9%), transport and communication 12 683 (11%), commerce, banking and insurance 15 956 (14%), public administration 6 578 (6%), ownership of dwellings 4 401 (4%), services 19 164 (16%), total 116 547. Index of real domestic product 166 (1964 = 100).

FOREST RESOURCES (1977): The growing stock comprised of 1 520 million m³ (solid volume with bark) of which 45% was pine and 37% spruce, the remaining 18% being broad-leaved trees, chiefly birch. Of the growing stock, 637 million m³ was up to the standard required for logs, 56% of these being pine. The annual growth was 57.4 million m³ and the total removal, calculated on the basis of roundwood consumption, was 40.7 million m³.

AGRICULTURE (1977): Cultivated land 2.3 million hectares. Number of holdings 237 700 of which 162 000 are of more than 5 ha. Measure of self-sufficiency in bread cereals 125%.

INDUSTRY (1977): Gross value of industrial production 103 579 mill. marks, number of workers 400 287, salaried employees 135 280, motive power (1977) 7.2 mill. kW. Index of industrial production 125 for 1977 (1970 = 100).

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

MERCHANT FLEET (Sept. 30. 1979): Passenger vessels 131 (204 642 gross reg. tons), tankers 41 (1 193 557 gross reg. tons), dry cargo vessels 213 (1 013 202 gross reg. tons), other vessels 79 (10 451 gross reg. tons), total 464 (2 421 852 gross reg. tons).

MOTOR VEHICLES (Dec. 31 1978): Passenger cars 1 115 300, lorries and vans 139 100, buses 8 800, others 7 600, total 1 270 800.

FINNISH AIRLINES (March 31, 1979): Finnair and Kar-Air have in use 4 DC-8, 1 DC-6-ST, 8 Super Caravelles, 9 DC-9, 7 DC-9-51, 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 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 18.8, Skr 17.5, £ 14.1, DM 13.5, \$ 9.3, other currencies 26.8. The permissible range of fluctuation is about 3 per cent on either side of the arithmetic mean. The fluctuation limits are 121.0 and 114.0.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 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. Postipankki 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 (Nov. 1, 1979). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility) is 8 ½%. The range of rates for other credits granted by the Bank of Finland is between 6% and 9%. Other credit institutions time deposits 4 ¼%; 6 month deposits 5 ½%; 12 month deposits 7%; 24 month deposits 8 ¼%; 36 month deposits 9% + savings premium; 36 month deposits 9% + tax concession. The highest lending rate 11 ¼%.

THE REVISION OF FINNISH COMPANY LAW

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The new Companies Act (734/78) issued on September 29, 1978, will enter into force in Finland on January 1, 1980, superseding the old Companies Act which dates mainly from the last century. The new legislation was formulated in the 1960s and 1970s in co-operation with Sweden, Norway and Denmark, where revised companies acts have already been in force for some time. The new companies acts of the various Nordic countries resemble each other to a great extent.

Limited companies are of great importance to Finnish society. The progress of the economy is largely affected by the entrepreneurial activity of limited companies. A large part of the country's natural and human resources is utilized in the activities of limited companies, which have a major impact on employment. Limited companies are of vital importance to the formation of the human environment, as was stated in the bill on the new Companies Act presented by the Government to Parliament.

The limited company is the predominant form of enterprise in commercial and industrial activities in Finland. There are at present a total of about 58 000 limited companies in Finland. The limited company is the major form of enterprise in all industrial sectors, such as manufacturing (about 12 000 companies), commerce (about 10 000), services (about 5 000), construction (about 2 500), and transport and communication (about 2 300). The limited company is also the most prominent type of enterprise for banks and insurance companies (about 300 limited companies). The ownership of dwellings and real estate also constitutes a particularly important area; for this purpose, a special type of limited company, the housing company, has been

developed in Finland. At present there are a total of about 25 000 housing companies in Finland.

The Finnish central government also carries out substantial commercial and industrial activities in the form of limited companies. The so-called state-owned companies are limited companies in which the central government owns the total share capital or at least the majority of shares. The large state-owned companies include several limited companies engaged in heavy basic industries, two credit institutions, an aviation company, the Alcohol Monopoly, and a broadcasting and television company.

In highly capital-intensive industries, the limited company is virtually the only feasible type of enterprise. On the other hand, the limited company is also widely used among the very smallest firms and, to a great extent, even in such activities which do not aim at making any profit. The housing companies and many firms promoting or maintaining activities of public interest provide the best examples of these. The use of the limited company as the type of enterprise for small firms can also be partly explained by the fact that Finland has not considered it necessary to create the special limited-liability type of enterprise for small firms existing in several other countries.

In most cases, the activities of foreign companies in Finland also take the form of a limited company. At present, foreign companies have some 900 subsidiaries in Finland.

The new Companies Act will modernize the legislation concerning this major type of enterprise and eliminate the deficiencies and loopholes which have appeared in the application

of the act dating from the last century. This revision will also be of fairly wide international importance. Many foreign companies have established or are establishing subsidiaries in Finland, while Finnish companies are setting up subsidiaries abroad. Most of the countries representing the domicile of a parent company or a subsidiary have had much more up-to-date company legislation than Finland. This has naturally had an unfavourable effect on the international activities of Finnish companies. The new act will also eliminate these disadvantages. The new Companies Act meets even the strictest international requirements and, for example, for the provisions related to groups of companies, it represents the most up-to-date development in its field. The legislation is particularly similar to the 1975 Companies Act of Sweden, which will contribute to the continuation and expansion of the active co-operation between Finnish and Swedish companies.

One of the main aims of the revision of Finnish company law was to increase the necessary public information on limited companies. Accordingly, the most essential points in the new act are the provisions concerning the closing of the accounts and the auditing of companies. The information obligation of companies has been increased, and attempts have been made to improve the quality of company information. The Annual Reports, Income Statements, Balance Sheets and Auditors' Reports of companies shall be public documents. In addition, large companies, the tied equity capital of which is more than two million marks, or the shares or debentures of which are quoted on the Stock Exchange, or which have more than 500 employees, shall supplement their Annual Report with a special funds statement which gives an account of the company's sources and application of funds during the accounting period. Large companies shall also present their inventory reserves openly in the Balance Sheet.

Provisions related to groups of companies are one of the major novel features in the new act. It is considered that a group of companies is

created when a limited company owns so many shares of another limited company that it possesses a majority of the total voting power. A smaller holding of shares or some other circumstances may also create a group relationship. The parent company of a group shall always be a Finnish limited company, whereas its subsidiaries can also be foreign limited companies or similar companies with limited liability, such as the German »Gesellschaft mit beschränkter Haftung» and the French »Société à responsabilité limitée». However, all the provisions of the Finnish Companies Act cannot be applied to foreign subsidiaries, because companies subject to one national legislation cannot be obliged to observe another national legislation. Nevertheless, foreign subsidiaries shall be included in the consolidated closing of the accounts of the group which the parent company is required to prepare each accounting period. The closing of the accounts of a group of companies consists of the Consolidated Income Statement and Balance Sheet, which shall be confirmed by the Meeting of Shareholders of the parent company and which shall be public. The act also includes special provisions concerning the distribution of the profits of the group's parent company; in this context, the closing of the accounts of the group shall be taken into account as a constraint on profit distribution. The act contains many other provisions related to groups; for example, it is prohibited to acquire the parent company's shares in the name of a subsidiary.

Establishing a new limited company will become less complicated under the new act. From the practical point of view, the most significant novel feature is the fact that the company's Articles of Association need no more be confirmed by the Ministry of Trade and Industry, as was the case under the former act. After its Memorandum of Association has been drawn up, its share capital subscribed and the statutory meeting held, the new company can apply directly for registration with the Register of Trade. The registration officer will examine the Articles of Association and the legality of the measures related to establishing.

Before a company can be registered, at least half of its share capital shall be paid up.

A new company can be established by one or several promoters. The promoter shall be a Finnish citizen residing in Finland or a Finnish corporation or foundation. A business firm or a partnership can act as a promoter provided that the partners personally liable for the firm's obligations are Finnish citizens residing in Finland. Subject to the permission of the Ministry of Trade and Industry, the promoter may also be any other person, for example, a foreign citizen or a foreign company. The promoter himself need not subscribe shares in the new company; he may only be in charge of completing the formation of the company, while other persons subscribe the shares of the company. Thus, for example, when foreigners are establishing a limited company in Finland, they may assign the measures related to establishing to a Finnish agent who himself will not become a shareholder in the company. What is also new is that it is no longer required that a limited company have at least three shareholders. It is now also permissible to establish a one-man company in which the total share capital belongs to one and the same person.

Like the former Companies Act, the new Companies Act does not include any provisions concerning the right of foreigners to hold shares in a Finnish limited company. In principle, foreigners are perfectly free to hold shares in a Finnish limited company, even the total share capital of a company. However, if any limited company intends to purchase real estate in Finland or lease such for more than two years, the so-called Foreigners' Clause shall be incorporated in the company's Articles of Association: thereby, the right of foreigners and certain equivalent domestic corporations to hold shares in the company shall be restricted to not more than one fifth of the share capital. The related provisions are included in the 1939 Act on the Right of Foreigners and Corporations to Own Real Estate and Shares in Finland (219/39). In addition, on the basis of the Foreign Exchange

Regulations (910—912/72), the permission of the Bank of Finland is required for receiving investment capital from abroad.¹

The right of foreigners to act in the management of a Finnish limited company has been extended in the new act. According to the new provisions, the company's Managing Director and not less than two thirds of the members of the Board of Directors shall be Finnish citizens residing in Finland. The same requirement applies to the members of the Board of Administration, in the case where such a body is elected for the company, mainly for supervising the activities of the Board of Directors and the Managing Director. On application, the Ministry of Trade and Industry may grant a special permit to disobey the citizenship and residence requirement, even to the extent that all the members of the Board of Directors can be foreigners or non-resident Finnish citizens. This was not possible under the former law. Foreigners can also be appointed as Auditors, and only one Auditor shall necessarily be a Finnish citizen residing in Finland or a Finnish auditing company.

The new act includes more detailed provisions concerning shares, their transferability and the contents, floating and transfer of share certificates and other documents related to company law. In principle, shares can be freely transferred to anybody. Only certain restrictions are permitted by the act, among other things the above-mentioned Foreigners' Clause, which can be used to prohibit the transfer of any shares of the company to foreigners. Detailed provisions concerning the restrictions on share transfers shall be incorporated in the Articles of Association.

The law requires that, in addition to an ordinary share register, the company shall keep an alphabetical register of the company's shareholders. Both these registers are public,

¹ The permission is required for the participation of a non-resident in the establishment of a limited company or in the raising of its share capital, and for the surrender of shares in a Finnish limited company to a non-resident. However, a non-resident may purchase shares quoted on the Helsinki Stock Exchange through an authorized bank, against freely-convertible currency. For the acquisition of shares in a Finnish credit institution a foreigner also needs the permission of the Ministry of Finance.

so that they can be inspected by anybody interested in the matter. On the other hand, a shareholder is not obliged to enter his name in these registers, unless he wants to participate in the Meetings of Shareholders. A special register shall also be kept of the shares held by the company's directors and their underage children in the company or in companies belonging to the same group and of the changes in share ownership. The purpose of this obligation to register is to facilitate public surveillance of the so-called insider trading of shares by such persons who may have advance information on company affairs affecting share prices.

The new act is also designed to increase limited companies' prospects for raising internal finance. In future, companies are allowed to float convertible bonds or debentures, and bonds with share warrants entitling the holder to subscribe the company's new payable shares. The subscription right may be included in the detachable warrant appended to the bond. The new provisions will be of importance mainly for large companies raising funds on the public capital market. The flexible use of financing facilities will also be improved by a new provision according to which the Meeting of Shareholders may authorize the Board of Directors for a fixed period to decide on the raising of the share capital or the taking of the above-mentioned loans.

As for the organs of operation of a company, the outlines will remain unchanged. Companies will maintain their former freedom to determine themselves the organization of their management. However, the new act includes certain new compulsory provisions concerning the composition of management and its division of functions.

The Meeting of Shareholders continues to be the highest decision-making body of a company. It decides on the confirmation of the closing of the accounts, the distribution of profits, the election of the Board of Directors and Auditors, the amendment of the Articles of Association, the merger of the company

with another company, the liquidation of the company, etc.

According to the new act, the Board of Directors is mainly responsible for the administration and business management of the company. The Board of Directors of large companies, the share capital (or the maximum authorised capital) of which is not less than one million marks, shall comprise not less than three members. Only natural persons can be elected as members of a Board of Directors. The majority of the members of the Board of Directors shall be elected by the Meeting of Shareholders or the Board of Administration, in the case where the company has such a supervisory body. What is new is that, on the basis of a special provision incorporated in the Articles of Association, part of the seats on the Board of Directors can be entrusted to outsiders, such as the central or local government, or the employees of the company.

In some respects, the new act will increase the power of the Board of Directors at the expense of the Meeting of Shareholders. Accordingly, the Board of Directors can be granted, by a decision of the Meeting of Shareholders, the above authorization to determine and implement independently the raising of the share capital or the floating of convertible bonds or debentures or bonds with share warrants. As a rule, the Board of Directors also appoints the Managing Director. The position of the Board of Directors in deciding on the distribution of profits has also been strengthened. Moreover, the Board of Directors shall be entitled to sell or mortgage real estate held by the company, and the matter need no more be taken to the Meeting of Shareholders.

The Finnish Companies Act includes new provisions concerning the Managing Director. The appointment of a Managing Director is compulsory in large companies, the share capital (or the maximum authorised capital) of which is not less than one million marks. The act also includes provisions concerning the division of functions between the Board of Directors and the Managing Director.

Under the former act, the position of the Board of Administration was quite vague. In this respect, the new act contains precise provisions. Small companies, the share capital (or the maximum authorised capital) of which is less than one million marks, cannot have a Board of Administration. Even in large companies, the Board of Administration is a voluntary body, the formation of which is based on the company's Articles of Association. However, owing to the banking legislation, the Board of Administration is a compulsory body in banking companies.

The main task of the Board of Administration is to supervise the company's administration performed by the Board of Directors and the Managing Director and to issue a statement to the Meeting of Shareholders on the closing of the accounts and the Auditors' Report. It can also be provided in the Articles of Association that the Board of Administration shall decide on matters concerning a substantial curtailment or expansion of company activities or an essential change in company organization. The Board of Administration normally elects the company's Board of Directors or at least the majority of its members. The recruitment of the Managing Director and other upper management can also be assigned to the Board of Administration. Furthermore, the Board of Administration shall be vested with the right to summon shareholders to a meeting.

The new act includes several provisions which are designed to strengthen the position of a private shareholder. For example, the act requires the provision of advance information on matters to be dealt with in the Meeting of Shareholders. The scope for fixing a different voting power for different shares has been limited. A shareholder shall always be entitled to use an agent or a consultant in the Meeting of Shareholders. A shareholder whose rights have been violated shall be entitled to claim for the liquidation of the company or, at least, redemption of his shares, in cases where the offence against him has been particularly severe. The legal protection of shareholder minorities has been raised, among other

things, by improving the chances of a minority of prosecuting, on behalf of the company, the Board of Directors or the Managing Director for failing to fulfill their duties.

Provisions concerning the use of company funds have also undergone changes. The concept of net profit to be distributed as the company's dividends has been made more precise. The distribution of the net profit shall always be decided by the Meeting of Shareholders; however, the Meeting of Shareholders cannot decide to distribute a larger amount than what the Board of Directors has proposed or what it otherwise sanctions. On the other hand, a minority of shareholders shall, according to the act, always be entitled to claim the distribution of a certain minimum amount of the net profit for the accounting period. As for groups of companies, the act stipulates that the profit distribution of the parent company cannot exceed the untied equity capital shown in the Consolidated Balance Sheet. This provision thus obliges the shareholders of the parent company to take into account in their profit distribution the losses made by the subsidiaries. The act does not include provisions concerning compulsory transfers of the total or part of the net profit to a reserve fund. On the other hand, the regulations on profit distribution have been supplemented by provisions restricting the making of donations by the company and the granting of loans to shareholders and the management. One of the purposes of these provisions is to prevent repayment of the share capital to shareholders, which could jeopardize the position of creditors.

The new act also includes detailed provisions concerning the dissolution of a limited company and the merger of a limited company with another limited company. The new provisions include those concerning the merger of a subsidiary, which has been totally owned by its parent company, with the parent company. Furthermore it is provided that a parent company owning more than 90 per cent of its subsidiary's shares shall be entitled, and on demand even obliged, to redeem the remaining shares of the subsidiary from other shareholders

at the current price. The act also contains provisions concerning the obligation of indemnification of the management, the Auditors and the shareholders to the company, a (another) shareholder or an outsider. Any offence against certain major provisions in the act shall also be regarded as a punishable deed.

The new Companies Act shall enter into force on January 1, 1980. Old limited companies have been granted a period of transition, which has been estimated to be sufficiently long for implementing the measures required by the new act, such as the amendment of the Articles of Association and the reorganization of administration.

Together with the revision of the company law, the business name and the trade register laws were revised in Finland. This revision, which

already became effective on March 1, 1979, will improve and facilitate the implementation of practical measures by companies, particularly the registration of companies.

The new Companies Act does not include provisions concerning so-called employee participation, which was introduced in Finland by a special Act on Internal Co-operation in Firms (725/78). This act, which entered into force on July 1, 1979, concerns all firms of a certain size, irrespective of their form of enterprise. Nor does the new Companies Act include any special provisions concerning the control of mergers, international mergers or partial mergers in which part of the company's assets are taken over by a new owner. These questions might be taken up later on at the legislative level, as was suggested by opinions expressed in connection with the drafting of the new Companies Act.

ITEMS

Finland's gross long-term foreign debt in January—September 1979. At the end of September 1979, Finland's gross long-term foreign debt amounted to the equivalent of 34 842 million marks. The net inflow of long-term capital in January—September totalled 809 million marks, as against 3 480 million marks in the corresponding period last year.

Gross drawings of long-term foreign capital amounted to 4 889 million marks or 32 per cent less than in January—September 1978. Redemptions of long-term foreign liabilities totalled 4 080 million marks, whereas redemptions in the same period last year reached 3 722 million marks. Interest expenses (including commissions and dividends) were up by 27 per cent. This was mainly attributable to increases in the rates of interest on credit with variable interest rates.

In a breakdown of drawings by type of credit, financial loans accounted for 90 per cent, import loans and leasing credits for 7 per cent and direct investments for 3 per cent.

Drawings by enterprises amounted to 2 022 million marks or 43 per cent of total drawings, while those by financial institutions totalled 587 million marks or 12 per cent, and those by the central government and municipalities together accounted for 2 118 million marks or 45 per cent of total drawings of long-term foreign loans.

Seven Finnish bond issues, together worth 1 417 million marks, were floated abroad in January—September 1979.

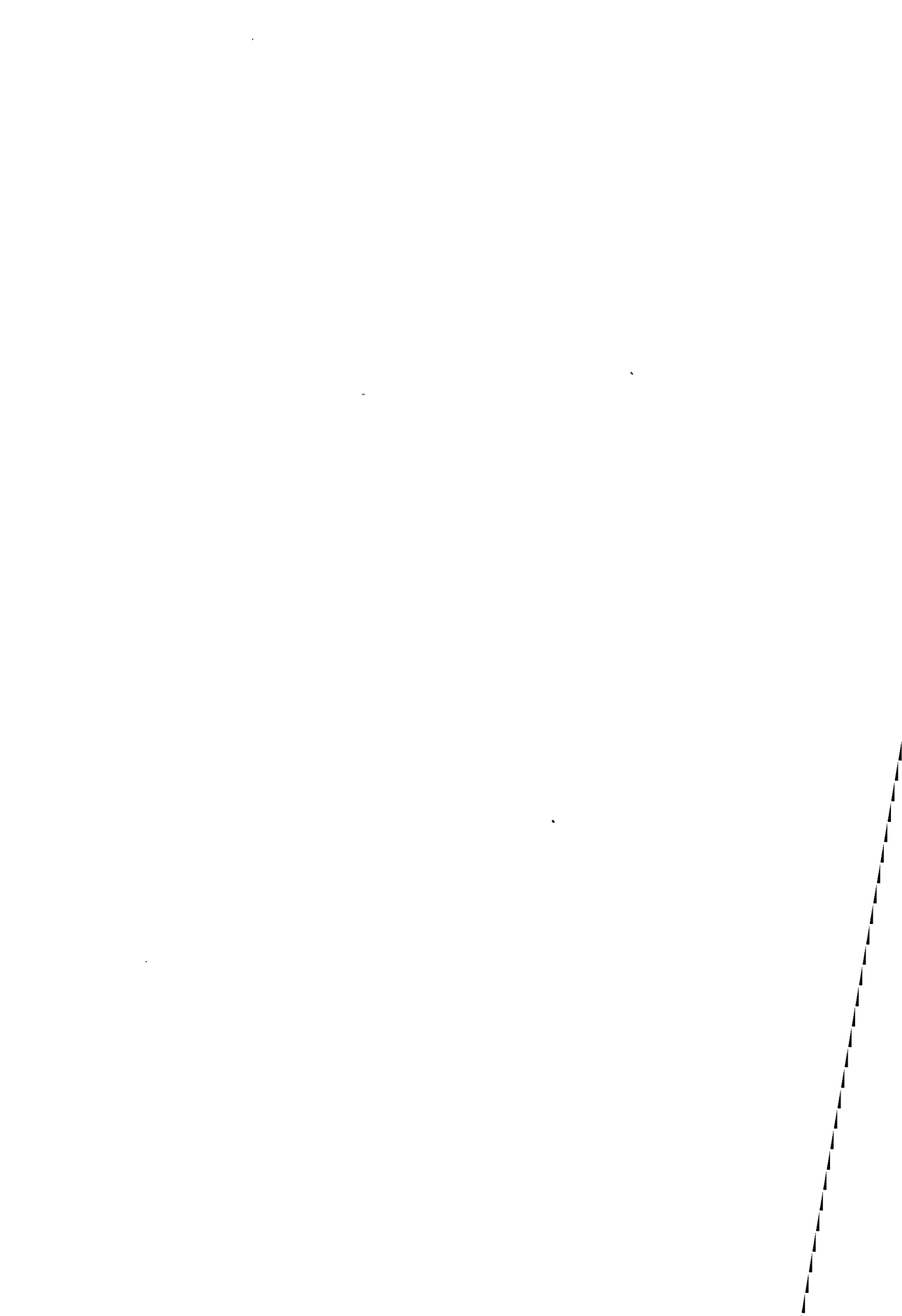
FINLAND'S GROSS LONG-TERM FOREIGN DEBT BY TYPE OF CREDIT IN JANUARY—SEPTEMBER 1979, MILLION MARKS

	Debt ¹ Dec. 31, 1978	Drawings ¹	Redemptions ¹	Net drawings	Impact of exchange rates	Debt ¹ Sept. 30, 1979	Interest expenses, com- missions, dividends and bonus issues
Financial loans	27 716	4 377	3 083	+1 294	—1 286	27 724	1 815
Individual financial loans	12 385	2 320	1 970	+ 350	— 551	12 184	918
Bonds and debentures	15 331	2 057	1 113	+ 944	— 735	15 540	897
Bond issues	9 755	1 417	674	+ 743	— 518	9 980	571
Debenture issues	344	—	—	—	— 13	331	20
Private placement loans	4 887	640	384	+ 256	— 187	4 956	292
Loans from the World Bank	345	—	55	— 55	— 17	273	14
Import credits	5 612	330	872	— 542	— 114	4 956	357
Ship and aircraft credits	2 446	115	466	— 351	— 54	2 041	158
Other import credits	3 166	215	406	— 191	— 60	2 915	199
Leasing credits	122	20	16	+ 4	— 6	120	8
LONG-TERM CREDITS	33 450	4 727	3 971	+ 756	—1 406	32 800	2 180
Direct investments	1 885	130	80	+ 50	— 5	1 930	190
Equity capital ²	1 298	85	13	+ 72	—	1 370	167
Loans to subsidiaries	587	45	67	— 22	— 5	560	23
Subscriptions ³	109	32	29	+ 3	—	112	—
LONG-TERM GROSS DEBT	35 444	4 889	4 080	+ 809	—1 411	34 842	2 370

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

² The balance outstanding of equity capital of direct investments is calculated as the net value of investments by active companies.

³ Subscriptions paid in the form of promissory notes to international financial institutions.



BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor, absent as Prime Minister

Ahti Karjalainen

Deputy Governor, Acting Governor

Pentti Uusivirta

Rolf Kullberg

Deputy Governor, ad int.

Ele Alenius

Harri Holkeri

Seppo Lindblom

ad int.

Directors

Markku Puntila

Seppo Lindblom

Eino Helenius

Pentti Koivikko

Kari Nars

Antti Lehtinen

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

Foreign Financing

J. Ojala

Foreign Exchange Control

Sirkka Hämäläinen

Deputy, 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

Anton Mäkelä

Personnel

Stig G Björklund

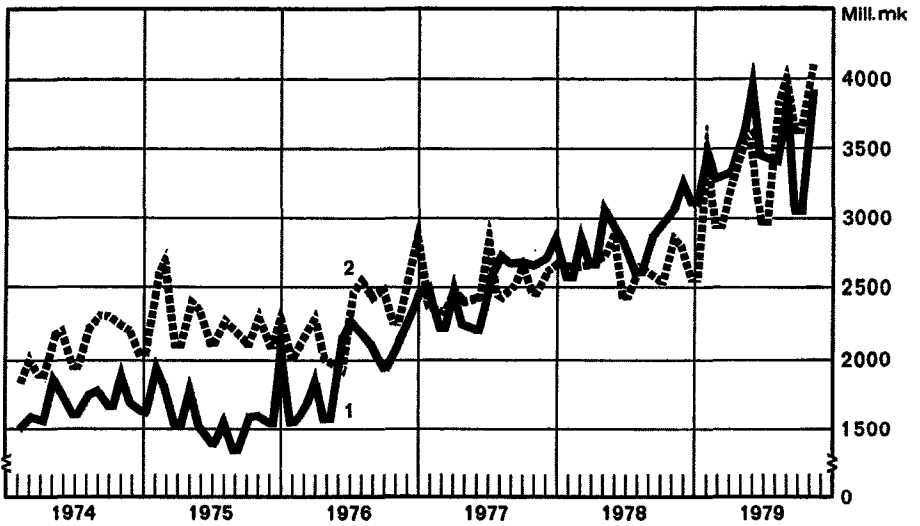
Banking Services

Reijo Mäkinen

Cash

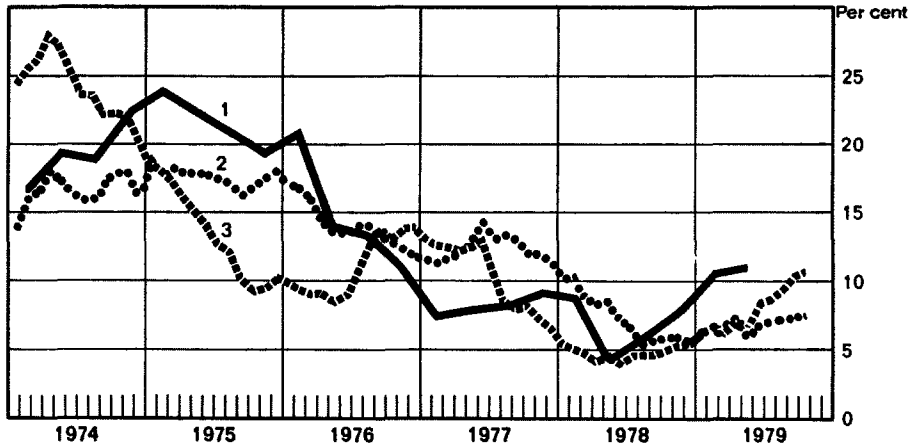
FOREIGN TRADE, 1974-79

- 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. Consumer price index 1977 = 100, monthly figures
- 3. Wholesale price index 1949 = 100, monthly figures
- Percentage change over previous year



PRODUCTION, 1974-79

- 1. Total index of industrial production 1970 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1970 = 100, seasonally adjusted quarterly figures

