



BANK OF FINLAND

Monthly Bulletin

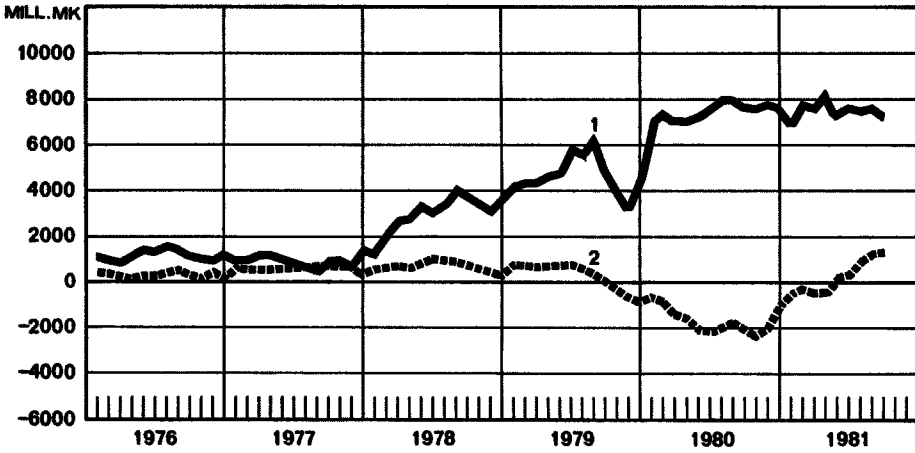
Economic situation

Social insurance in Finland

NOVEMBER 1981

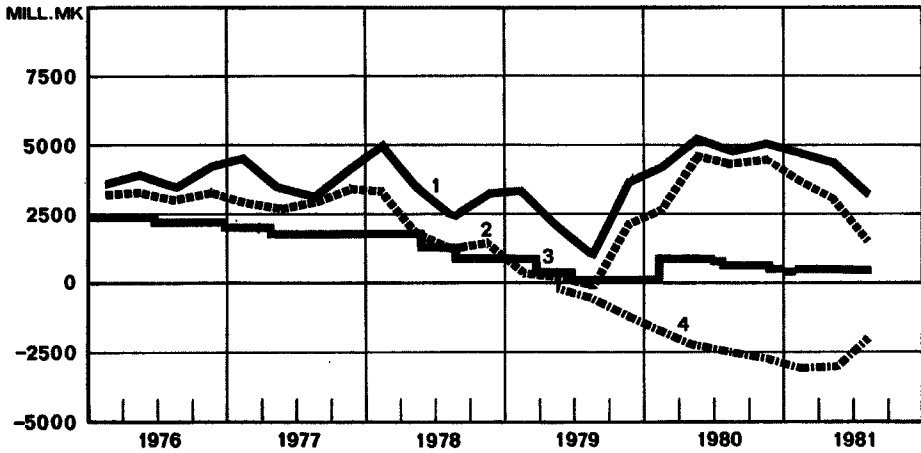
Vol. 55 No. 11

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



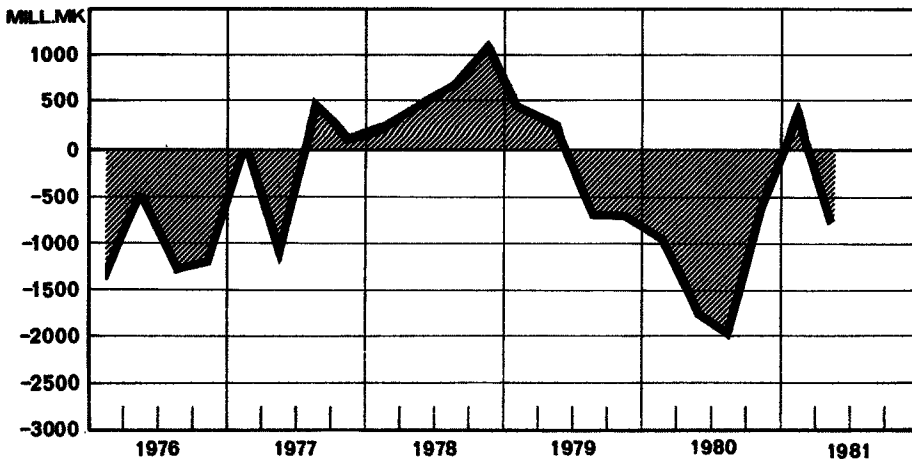
- 1. Gold and convertible currencies
- 2. Tied currencies

COMMERCIAL BANKS' CENTRAL BANK POSITION, 1976-81



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

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1976-81



Seasonally adjusted quarterly figures

ECONOMIC SITUATION

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The international recession has begun to be felt in Finland, and the growth of total output, which was very vigorous throughout the preceding two years, came to a halt at the beginning of this year. However, owing to the high level of output achieved at the end of last year, the volume of GDP for the year as a whole is still likely to be almost 2 per cent above the average level in 1980. The inflationary pressures that built up during the upswing are reflected in the still relatively high inflation rate. However, on account of the moderate incomes policy agreement and a deceleration in the rise of foreign trade prices, the rate of inflation will slow down during the current year. The current account deficit will decline markedly.

International economic prospects continue to be overshadowed by persistent inflationary pressures and the determined pursuit of counter-inflationary economic policies which has ensued. Sharp fluctuations in exchange rates have also contributed to a weakening in demand in West European countries. The decline in Finnish exports caused by the continuing recession in Finland's Western markets has, however, been offset by a rapid expansion in exports to the Socialist countries. The share of these countries in Finland's total exports is about 25 per cent. As a result, the volume of total visible exports will rise by more than 3 per cent this year. The increase in exports can largely be attributed to deliveries to the Soviet Union; especially exports of metal products have increased vigorously. So far, wood industry exports have been affected most by the weakening in export demand, and, despite low stock levels in customer

countries, the high level of interest rates and a slump in construction in Finland's major markets may keep the demand for wood products weak for some time. Although the volume of paper industry exports has increased slightly during the first half of the year, it is forecast to decline somewhat as a result of a halt in the growth of demand.

The deceleration in the growth of exports and the stagnation in the growth of domestic demand at the beginning of the year have weakened the profitability and financial position of the corporate sector. Nevertheless, owing to fairly high capacity utilization and moderate wage developments, firms' cash-flow position will remain fairly good with respect to the prevailing cyclical phase. Investment activity has, however, started to slacken clearly during the current year. In manufacturing, growth is still being supported by the long completion period required for large investment projects. Investment in the electricity, gas and water sector will also grow substantially.

As a result of the gradual weakening in employment and a slight tightening in taxation, the growth in the household sector's real disposable income will come to a halt. Although the availability of consumer credits has been facilitated by an easing in the financial market which began in the spring, the demand for consumer durables, particularly cars, has declined, and the total increase in private consumption is forecast to amount to less than one per cent. The weak development of households' real disposable income has also been reflected in a clear fall in housing starts.

Unlike normal cyclical development, domestic demand stopped growing at the beginning of 1981 prior to the downturn in exports. On account of high international interest rates and stable raw-material prices, inventory investment fell during the first half of the year, which was particularly evident in a drop in imports. The growth prospects for various sectors differ from each other. Agricultural production will decline because of poor harvests; in industry, the quite vigorous growth in the metal industry will continue, whereas the volume of forest industry output is already declining. Although the employed labour force continued to grow during the first half of this year, the growth will slacken along with the deterioration in the economic outlook. The number of unemployed will increase towards the end of the year, raising the average unemployment rate for this year to slightly more than 5 per cent.

The rapid rise in foreign trade prices which continued until the first months of this year and its lagged effects on domestic costs have somewhat increased the inflationary pressures, so that the average rise in consumer prices is forecast to amount to about 12 per cent. The moderate two-year incomes policy agreement concluded in the spring and the decrease in inflationary impulses coming from foreign trade will, however, curb the inflation rate during the course of the year.

In keeping with the prevailing cyclical phase, the current account deficit will decline substantially in spite of a weakening of almost 2 per cent in the terms of trade. The slight increase in the deficit in trade with Western countries will be more than offset by the payments surplus arising from bilateral trade. The inflow of foreign capital will clearly exceed the current account deficit; in addition to the central government, enterprises and financial institutions are borrowing substantially abroad this year. On the other hand, because of the surplus in visible trade, the increase in trade credits has been insignificant. The domestic financial market has been slightly eased in the course of the year, and conditions in the money market are likely to remain the same in the near future.

As a consequence of the international recession, economic growth in Finland is forecast to virtually stagnate until mid-1982. Following the expected international upswing, Finnish exports are forecast to pick up in the latter half of next year. The rate of consumer price rises will decelerate further during 1982. The unemployment rate will be somewhat higher than this year. It is estimated that the current account deficit will be about the same as this year, that is, equivalent to only about one per cent of the value of total output. In view of the pending downswing, the budget proposal for 1982 is slightly more reflationary in tone than that for 1981.

October 21, 1981

	1980		1981			
	Oct. 31	Dec. 31	Oct. 10	Oct. 15	Oct. 23	Oct. 30
Assets						
Gold and foreign exchange receivables	7 918	8 024	8 955	8 266	8 131	8 183
Gold	1 073	1 073	1 075	1 075	1 075	1 075
Special drawing rights	563	397	676	676	676	676
IMF reserve tranche	215	380	380	380	380	380
Foreign bonds	2 077	2 125	1 589	1 602	1 591	1 597
Convertible currencies	3 834	3 841	3 795	3 139	3 035	2 932
Tied currencies	156	208	1 440	1 394	1 374	1 523
Other foreign receivables	1 045	1 540	1 632	1 632	1 632	1 632
Mark subscription to Finland's IMF quota	1 045	1 540	1 632	1 632	1 632	1 632
Receivables from financial institutions	5 700	5 350	4 483	5 725	5 032	4 369
Banks' cheque accounts	764	481	629	639	619	562
Call money market advances	4 410	3 674	2 416	3 664	3 095	2 443
Till-money credits	—	643	729	709	624	666
Bonds	492	527	672	670	652	652
Other financial institution receivables	34	25	37	43	42	46
Receivables from the public sector	1 165	1 225	1 205	1 215	1 211	1 213
Government promissory notes	512	512	354	354	354	354
Bonds	255	288	373	380	379	380
Total coinage	396	403	474	476	477	478
Other public sector receivables	2	22	4	5	1	1
Receivables from corporations	3 265	3 399	3 944	4 017	4 067	4 081
Financing of exports	1 468	1 502	1 602	1 664	1 721	1 723
Financing of domestic deliveries	1 458	1 561	2 041	2 052	2 050	2 063
Bonds	226	220	191	190	190	189
Other corporate receivables	113	116	110	111	106	106
Other assets	78	80	86	86	87	87
Total	19 171	19 618	20 305	20 941	20 160	19 565
Liabilities						
Foreign exchange liabilities	2 325	983	77	80	72	75
Convertible accounts	23	18	27	30	22	24
Tied accounts	2 302	965	50	50	50	51
Other foreign liabilities	1 931	2 430	2 639	2 639	2 639	2 639
IMF mark accounts	1 365	1 864	1 943	1 943	1 943	1 943
Allocations of special drawing rights	566	566	696	696	696	696
Notes and coins in circulation	4 447	4 954	5 014	5 060	5 052	5 131
Notes	4 083	4 572	4 594	4 639	4 631	4 709
Coins	364	382	420	421	421	422
Deposit certificates in circulation	1 850	1 900	850	1 250	1 250	750
Claims of financial institutions	3 807	3 739	4 291	4 434	3 615	3 450
Banks' cheque accounts	2	1	2	1	1	1
Call money market deposits	595	290	1 610	1 770	950	780
Cash reserve deposits	3 006	3 317	2 464	2 453	2 453	2 469
Capital import deposits	168	108	199	200	189	180
Other financial institution claims	36	23	16	10	22	20
Claims of the public sector	43	591	723	723	722	698
Cheque accounts	1	2	1	1	0	0
Counter-cyclical reserves	42	545	545	545	545	545
Counter-cyclical deposits	—	37	145	145	145	145
Capital import deposits	—	—	22	22	22	—
Other public sector claims	0	7	10	10	10	8
Claims of corporations	960	978	1 616	1 616	1 617	1 622
Deposits for investment and ship purchase	684	717	1 408	1 409	1 410	1 414
Capital import deposits	181	83	—	—	—	—
Export deposits	70	110	202	202	202	202
Other corporate claims	25	68	6	5	5	6
Other liabilities	13	13	17	19	15	14
Equalization accounts	1 704	1 767	2 619	2 654	2 704	2 705
Capital accounts	2 091	2 263	2 459	2 466	2 474	2 481
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400
Reserve fund	441	441	750	750	750	750
Net earnings	250	422	309	316	324	331
Total	19 171	19 618	20 305	20 941	20 160	19 565

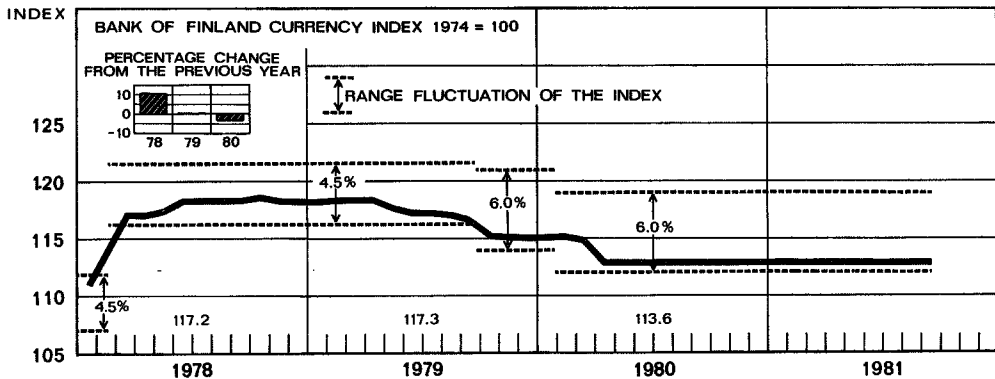
End of year or month	Foreign sector							Public sector			
	Gold SDR, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities	Net liabilities (9-8)	Deposit certificates in circulation
	1	2	3	4	5	6	7	8	9	10	11
1975	399	204	1 011	1 614	368	-315	1 667	339	1 301	962	250
1976	357	397	954	1 708	389	-660	1 437	447	1 133	686	—
1977	337	543	1 212	2 092	496	-2 031	557	391	328	-63	200
1978	728	872	3 080	4 680	471	-1 099	4 052	633	114	-519	1 090
1979	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1980	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900
1980											
Oct.	1 851	2 077	3 811	7 739	-2 146	-886	4 707	1 165	43	-1 122	1 850
Nov.	1 845	2 082	3 949	7 876	-1 847	-886	5 143	1 185	74	-1 111	2 600
Dec.	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900
1981											
Jan.	1 980	1 994	3 163	7 137	-389	-1 020	5 728	1 081	631	-450	1 000
Feb.	1 974	1 812	4 165	7 951	-165	-1 020	6 766	1 095	647	-448	1 500
March	1 974	1 764	4 107	7 845	-363	-1 020	6 462	1 112	656	-456	1 800
April	1 974	1 726	4 698	8 398	-349	-1 020	7 029	1 116	667	-449	1 300
May	1 974	1 708	3 777	7 459	315	-1 020	6 754	1 161	680	-481	300
June	1 974	1 422	4 331	7 727	437	-1 020	7 144	1 155	696	-459	700
July	2 150	1 400	4 109	7 659	1 166	-1 020	7 805	1 186	731	-455	600
Aug.	2 142	1 420	4 154	7 716	1 362	-1 020	8 058	1 209	747	-462	450
Sept.	2 129	1 582	3 687	7 398	1 435	-1 007	7 826	1 198	727	-471	450
Oct.	2 131	1 597	2 908	6 636	1 472	-1 007	7 101	1 213	698	-515	750

FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1980			Net holdings, Sept. 30, 1981			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Sept.	Jan.-Sept.
Gold	1 073	—	1 073	1 073	—	1 073	—	—
Special drawing rights	397	—	397	676	—	676	-13	+279
IMF reserve tranche	380	—	380	380	—	380	—	—
Foreign bonds	2 125	—	2 125	1 582	—	1 582	+162	-543
Convertible currencies	3 823	-7 194	-3 371	3 687	-7 234	-3 547	-443	-176
Total	7 798	-7 194	604	7 398	-7 234	164	-294	-440
Tied currencies	-757	-67	-824	1 435	-123	1 312	+72	+2 136
Grand total	7 041	-7 261	-220	8 833	-7 357	1 476	-222	+1 696

End of year or month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Dis-counted and redis-counted bills	Cheque account receiv-ables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabili-ties, net	Net receiv-ables (1+2+3-4-5-6)	Perma-nent special financing schemes	Liabili-ties, net	Net receiv-ables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1975	3 385	130	372	95	—	-343	4 135	933	539	394	2 855
1976	2 920	172	1 204	1 137	—	-372	3 531	1 400	308	1 092	2 885
1977	3 091	107	1 804	850	—	-74	4 226	1 416	242	1 174	3 167
1978	970	136	2 213	2 075	—	69	1 175	1 948	356	1 592	3 822
1979	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375
1980	—	480	3 674	290	3 317	-1 064	1 611	3 063	642	2 421	4 954
1980											
Oct.	—	762	4 410	595	3 006	-322	1 893	2 926	621	2 305	4 447
Nov.	—	705	3 861	30	3 022	-767	2 281	3 046	574	2 472	4 614
Dec.	—	480	3 674	290	3 317	-1 064	1 611	3 063	642	2 421	4 954
1981											
Jan.	—	557	3 679	470	3 461	-879	1 184	3 131	651	2 480	4 666
Feb.	—	593	3 651	975	3 469	-975	775	3 178	668	2 510	4 661
March	—	620	4 978	1 610	3 472	-1 188	1 704	3 249	724	2 525	4 960
April	—	550	3 197	925	3 055	-1 141	908	3 290	782	2 508	5 033
May	—	576	2 717	1 340	2 783	-1 131	301	3 340	797	2 543	5 082
June	—	603	2 635	1 430	2 346	-1 303	765	3 441	1 167	2 274	5 212
July	—	610	1 876	1 240	2 396	-1 186	36	3 525	1 228	2 297	5 166
Aug.	—	610	1 916	1 770	2 429	-1 348	-325	3 517	1 263	2 254	5 089
Sept.	—	535	1 994	1 380	2 464	-1 155	-160	3 649	1 308	2 341	5 023
Oct.	—	561	2 443	780	2 469	-1 164	919	3 786	1 327	2 459	5 131



MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks mill. mk	Cash reserve deposits of the commercial banks mill. mk	Bank of Finland placements in the call money market, mill. mk	Base rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9	10
1974	3 204	2 840	2 494	—	—	—	9.25	—	10.57	9.52
1975	4 000	3 611	2 725	—	—	239 ²	9.25	26.80 ²	12.10	9.65
1976	4 001	3 345	2 400	—	—	79	9.25	18.40	12.38	9.69
1977	3 914	3 094	1 967	—	—	149	9.00	17.20	11.82	9.54
1978	3 573	2 070	1 475	—	—	90	7.58	11.99	8.88	8.22
1979	2 629	820	475	447	389	321	7.46	9.74	8.99	8.03
1980	4 963	4 097	783	2 542	2 220	3 313	9.20	12.38	12.37	9.77

1980

Oct.	5 500	4 709	700	2 980	2 599	4 010	9.25	12.50	13.31	9.83
Nov.	5 024	4 562	700	3 005	2 627	3 864	9.25	12.50	12.60	9.82
Dec.	4 816	4 457	600	3 032	2 653	3 860	9.25	12.50	13.43	9.83

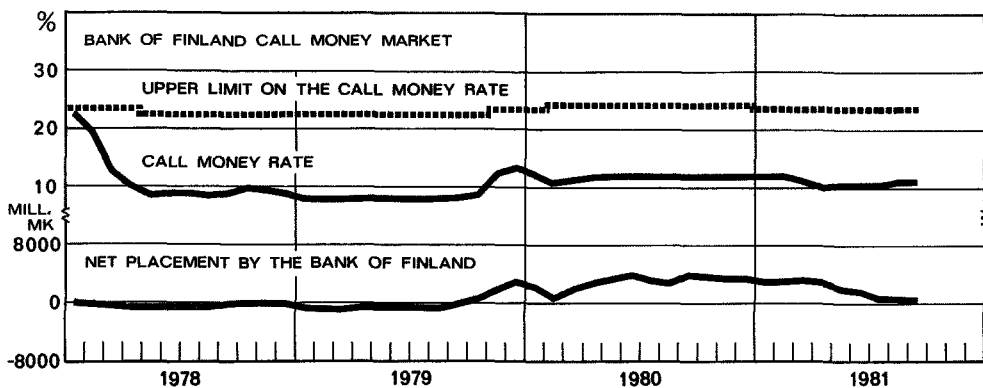
1981

Jan.	4 677	3 693	540	3 324	2 917	3 153	9.25	12.50	13.61	9.84
Feb.	4 976	3 905	600	3 443	3 033	3 307	9.25	12.50	12.82	9.84
March	5 039	4 026	600	3 458	3 022	3 429	9.25	11.72	12.89	9.85
April	5 838	3 974	600	3 259	2 829	3 377	9.25	10.57	10.26	9.85
May	3 950	2 848	600	2 918	2 523	2 249	9.25	11.00	11.20	9.86
June	3 658	2 634	600	2 569	2 228	2 036	9.25	11.00	10.96	9.85
July	3 513	1 760	600	2 346	2 052	1 161	9.25	11.00	10.73	9.85
Aug.	3 115	1 678	600	2 393	2 099	1 080	9.25	11.45	10.58	9.85
Sept.	3 265	1 558	600	2 428	2 126	959	9.25	11.50	11.05	9.81
Oct.	3 544	2 032	600	2 459	2 151	1 434	9.25	11.50	..	..

See explanations on page 22.

¹ End of period.

² 1. 9.—31. 12. 1975.

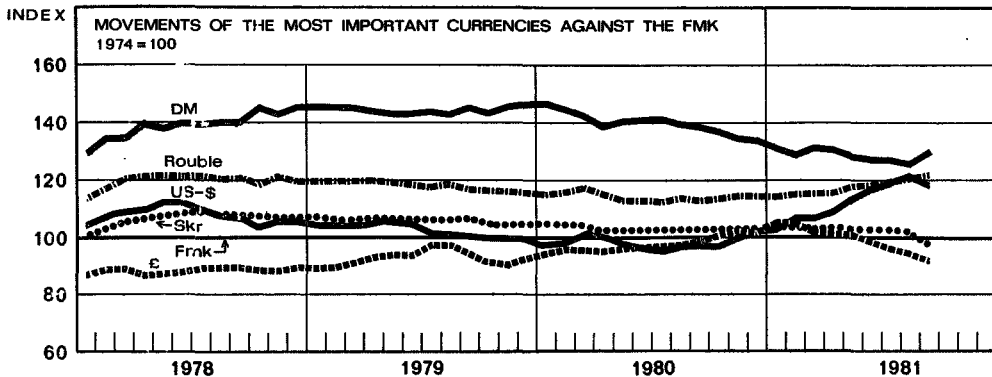


FOREIGN EXCHANGE RATES

Mill. mk

Average selling rates for foreign exchange, mk

Period	Average selling rates for foreign exchange, mk									Currency index 1974=100
	New York 1 US \$ USD	London 1 £ GBP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Zurich 100 Sfr CHF	Paris 100 FF FRF	Moscow 1 Cl Rbl SUR	
	1	2	3	4	5	6	7	8	9	10
1974	3.774	8.833	85.22	68.44	62.17	146.21	127.19	78.65	4.995	100.0
1975	3.679	8.155	88.80	70.59	64.21	149.80	142.64	86.00	5.093	101.1
1976	3.864	6.983	88.86	70.95	64.04	153.78	154.86	81.09	5.125	99.9
1977	4.029	7.042	90.21	75.83	67.23	174.15	168.70	82.16	5.475	106.1
1978	4.117	7.917	91.43	78.93	75.06	205.53	231.83	91.77	6.037	117.2
1979	3.896	8.275	91.12	77.22	74.38	212.75	234.36	91.88	5.941	117.3
1980	3.730	8.691	88.43	75.81	66.53	205.58	222.87	88.65	5.741	113.6
1980										
Oct.	3.695	8.942	88.40	75.75	65.53	200.98	222.77	87.18	5.706	113.1
Nov.	3.791	9.104	88.36	75.90	64.59	197.66	219.78	85.66	5.750	113.1
Dec.	3.872	9.095	88.12	75.24	64.32	196.47	217.00	85.10	5.744	113.1
1981										
Jan.	3.889	9.369	87.85	74.62	63.38	194.10	214.34	84.20	5.747	113.1
Feb.	4.073	9.358	88.59	75.50	61.88	189.90	209.14	82.18	5.779	113.1
March	4.072	9.098	88.65	75.78	61.78	193.33	211.94	82.26	5.810	113.1
April	4.151	9.061	88.76	76.20	61.37	192.38	210.91	81.66	5.825	113.1
May	4.321	9.047	88.51	76.52	60.18	188.58	209.60	79.04	5.922	113.1
June	4.448	8.805	88.34	75.62	59.90	187.41	214.73	78.97	5.951	113.1
July	4.543	8.546	87.97	74.82	59.78	186.54	217.10	78.75	6.028	113.1
Aug.	4.629	8.445	87.59	75.24	59.23	185.36	213.77	77.77	6.078	113.1
Sept.	4.504	8.197	83.48	75.79	61.25	191.31	222.42	80.18	6.127	113.1
Oct.	4.424	8.173	80.19	75.19	61.61	196.84	234.86	79.05	6.165	113.1



DEPOSITS BY THE PUBLIC

Mill. mk

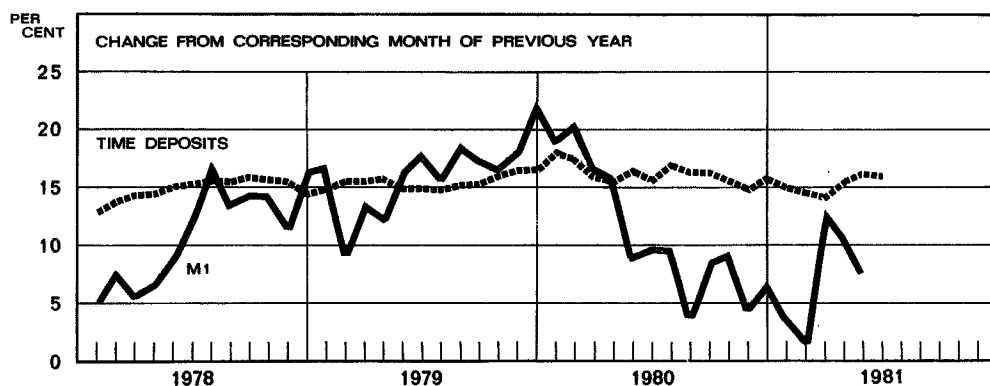
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commer- cial banks	Savings banks & Co-op. banks	Posti- pankki	All deposit banks	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	10
1977	2 948	1 506	2 212	6 666	14 999	12 671	9 846	4 177	41 693	48 359
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584
1980	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180

1980

Aug.	4 205	2 275	2 996	9 476	21 273	19 195	14 948	6 082	61 498	70 974
Sept.	4 625	2 328	2 946	9 899	21 295	19 255	15 051	6 073	61 674	71 573
Oct.	4 584	2 325	2 859	9 768	21 454	19 391	15 216	6 186	62 247	72 015
Nov.	4 410	2 155	2 669	9 234	21 658	19 618	15 416	6 256	62 948	72 182
Dec.	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180

1981

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



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

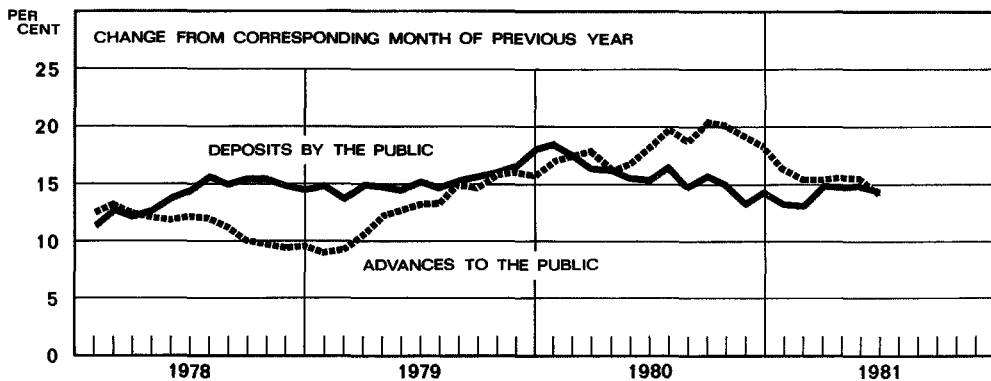
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ + Quasi- Money
1977	24 679	12 312	10 547	6 609	47 355	1 690	5 102	54 147	9 872	52 581
1978	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1979	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157
1980	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	14 979	81 601

1980

Aug.	34 814	18 177	15 715	9 528	67 215	2 531	8 488	78 234	13 825	77 066
Sept.	35 314	18 483	16 061	9 954	68 545	2 700	8 567	79 812	14 141	77 670
Oct.	35 931	18 711	16 282	10 061	69 360	2 623	9 002	80 985	14 234	78 290
Nov.	35 789	18 920	16 491	10 166	69 911	2 543	8 912	81 366	13 757	78 488
Dec.	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	14 979	81 601

1981

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



STATE FINANCES

Mill. mk

Revenue	Jan.-Aug.		Expenditure	Jan.-Aug.	
	1980	1981		1980	1981
Income and wealth tax (net)	8 034	10 489	Wages, salaries, pensions etc.	5 229	6 048
Gross receipts	(23 054)	(27 255)	Repair and maintenance	699	801
Refunds & local authorities	(-15 020)	(-16 766)	Other consumption expenditure	2 860	3 467
Other taxes on income and wealth	190	168	Total consumption expenditure	8 788	10 316
Employers' child allowance payments	54	57	State aid to local authorities	6 536	7 627
Sales tax	7 610	9 022	State aid to industries	4 587	5 341
Customs duties and import charges and levies	866	938	of which: agric. price subsidies	(1 839)	(2 379)
Excise duties	5 547	6 365	Child allowances	1 033	1 228
Excise duty on alcoholic beverages	1 712	1 949	Share in national pensions and sickness insurance schemes	343	362
Excise duty on tobacco	707	755	Other transfer expenditure	3 731	4 550
Excise duty on liquid fuel	1 773	1 938	Total transfer expenditure	16 230	19 108
Other excise duties	1 355	1 723	Machinery and equipment	884	1 047
Tax on autom. and motor-cycles	957	1 115	Construction of buildings	475	478
Stamp duties	673	757	Land and waterway construction	1 179	1 243
Special diesel etc. vehicles tax	109	130	Total real investment	2 538	2 768
Other taxes and similar revenue	646	781	Interest on State debt	773	941
Total taxes	24 686	29 822	Net deficit of State enterprises	-121	41
Miscellaneous revenue	2 113	2 145	Other expenditure	5	23
Interest, dividends etc.	658	717	Total other expenditure	657	1 005
Redemptions of loans granted	451	572	Increase in inventories	-40	-155
Total revenue	27 908	33 256	Lending	2 128	2 102
Foreign borrowing	1 669	1 513	Other financial investment	322	328
Domestic borrowing	2 227	1 577	Total expenditure	30 623	35 472
Total borrowing	3 896	3 090	Redemption of foreign loans	163	167
Deficit (+) or surplus (-)	-186	+370	Redemption of domestic loans	832	1 077
			Total redemptions	995	1 244
Total	31 618	36 716	Total	31 618	36 716

State debt	1978	1979	1980	1981		
	Dec.	Dec.	Dec.	June	July	Aug.
Foreign debt	7 360	8 964	10 341	11 828	12 098	12 254
Loans	4 607	6 050	7 585	7 950	8 088	8 160
Compensatory obligations	1	—	—	—	—	—
Short-term credit	259	204	17	112	112	108
Cash debt (net)	-735	-596	-823	-1 067	-844	-985
Domestic debt	4 132	5 658	6 779	6 995	7 356	7 283
Total State debt	11 492	14 622	17 120	18 823	19 454	19 537
Total debt mill \$	2 859	3 915	4 422	4 232	4 282	4 221

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		Surplus of exports (+) or imports (-)
	Exports f. o. b.	Imports c. i. f.	
1975	20 247	28 002	-7 755
1976	24 505	28 555	-4 050
1977	30 931	30 708	+223
1978	35 206	32 338	+2 868
1979	43 430	44 222	-792
1980*	52 795	58 250	-5 455

1980*

Oct.	4 639	5 306	- 667
Nov.	4 487	4 172	+ 315
Dec.	5 589	5 548	+ 41

1981*

Jan.	4 998	4 491	+507
Feb.	4 434	4 400	+34
March	5 041	4 618	+423
April	4 657	4 916	-259
May	5 538	5 902	-364
June	5 307	4 860	+447
July	4 245	4 410	-165
Aug.	4 776	5 936	-1 160

Jan.-Aug.

1980*	33 501	38 091	-4 590
1981*	38 996	39 533	-537

Indices of exports and imports
1975 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1975	100	100	100	
1976	117	96	103	107	69
1977	129	88	119	124	96
1978	138	84	126	138	91
1979	151	99	142	159	89
1980*	165	112	158	186	85

1979

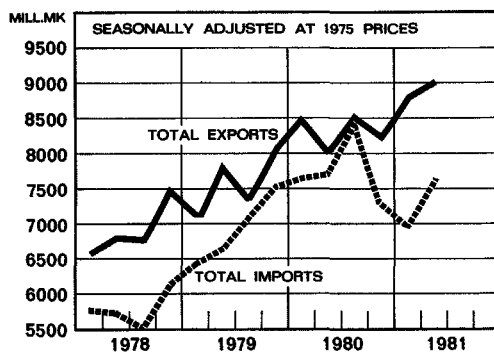
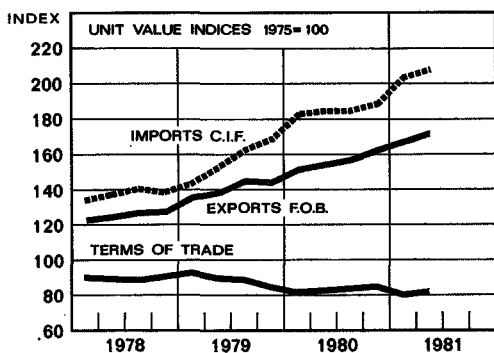
Apr.-June	154	94	140	154	91
July-Sept.	138	100	147	164	90
Oct.-Dec.	171	113	146	170	86

1980*

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

1981*

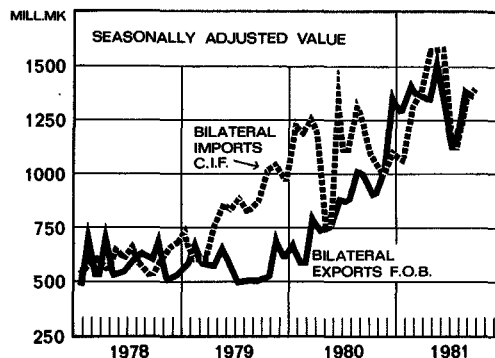
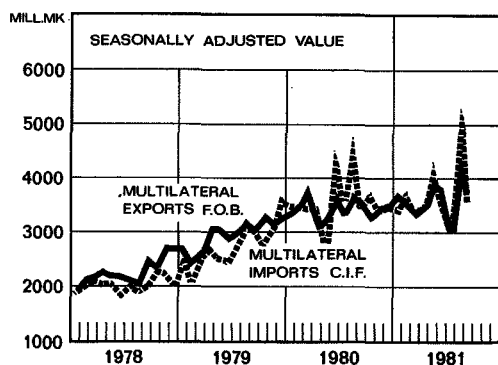
Jan.-March	169	94	169	205	82
Apr.-June	177	107	173	209	83



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f. o. b.					Imports, c. i. f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1975	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63
1976	804	2 892	7 860	6 891	6 058	17 828	1 581	4 966	4 103	77
1977	1 087	3 854	8 798	9 184	8 008	19 128	2 066	4 828	4 603	83
1978	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52
1979	1 366	6 073	12 992	10 342	12 667	28 878	3 401	5 719	6 133	91
1980*	1 403	7 742	15 751	11 546	16 353	38 622	4 088	7 989	7 440	111
1980*										
Oct.	56	742	1 313	1 040	1 488	3 475	436	727	665	3
Nov.	59	627	1 324	1 099	1 378	2 680	284	650	556	2
Dec.	260	669	1 479	1 566	1 615	3 710	380	856	597	5
1981*										
Jan.	392	592	1 341	1 295	1 378	2 723	283	818	665	2
Feb.	104	526	1 324	1 045	1 435	2 828	238	619	701	14
March	299	557	1 387	1 069	1 729	2 933	210	799	669	7
April	72	570	1 502	1 050	1 463	3 126	271	750	767	2
May	318	644	1 376	1 678	1 522	4 204	344	682	668	4
June	89	717	1 361	1 372	1 768	2 995	621	665	565	14
July	86	504	1 453	1 164	1 038	2 638	588	614	537	33
Aug.	95	515	1 316	918	1 932	3 581	644	1 034	670	7
Jan.-Aug.										
1980*	952	5 014	10 261	6 910	10 364	25 358	2 600	5 050	4 985	98
1981*	1 455	4 625	11 060	9 591	12 265	25 028	3 199	5 981	5 242	83



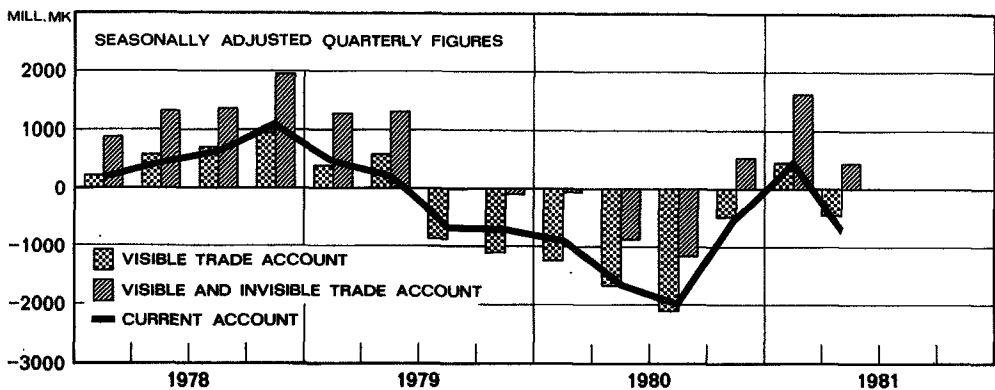
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f. o. b.				Imports, c. i. f.			
	January-August				January-August			
	1980*		1981*		1980*		1981*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	65.9	22 087	56.5	22 039	52.2	19 896	50.5	19 946
Austria	0.7	244	0.6	219	1.2	446	1.2	464
Belgium and Luxembourg	1.5	499	1.3	526	1.7	664	1.7	679
Denmark	3.6	1 215	3.2	1 236	2.3	876	2.2	878
France	4.9	1 637	4.0	1 579	3.2	1 212	3.3	1 319
Federal Republic of Germany	11.3	3 772	9.4	3 662	12.9	4 927	12.0	4 743
Italy	2.5	836	1.9	743	2.5	941	2.4	935
Netherlands	4.6	1 555	3.6	1 385	2.5	955	2.6	1 048
Norway	4.0	1 352	4.4	1 729	1.9	744	2.6	1 017
Portugal	0.4	120	0.3	100	0.5	206	0.5	197
Spain	0.9	295	0.8	302	0.9	337	0.6	224
Sweden	16.6	5 550	13.0	5 087	11.9	4 439	10.9	4 293
Switzerland	1.7	578	1.4	565	1.6	605	1.7	658
United Kingdom	11.8	3 949	10.8	4 194	8.8	3 350	8.2	3 240
Other	1.4	485	1.8	712	0.3	194	0.6	251
OECD countries outside Europe	5.5	1 853	5.9	2 288	9.9	3 758	12.4	4 910
Canada	0.5	175	0.7	261	0.8	314	0.7	258
Japan	0.8	262	0.8	310	3.2	1 213	3.8	1 500
United States	3.1	1 042	3.5	1 381	5.7	2 167	7.7	3 048
Other	1.1	374	0.9	336	0.2	64	0.2	104
CMEA countries	17.9	6 006	26.4	10 299	25.3	9 633	27.0	10 666
Czechoslovakia	0.3	101	0.3	95	0.6	208	0.6	251
German Democratic Republic	0.6	190	0.6	248	0.5	207	0.6	250
Poland	0.6	201	0.1	57	1.9	726	1.5	590
Soviet Union	15.5	5 189	24.7	9 611	21.2	8 091	23.2	9 169
Other	0.9	325	0.7	288	1.1	401	1.1	406
Latin America	1.8	594	2.3	904	3.0	1 144	2.1	834
Argentina	0.5	167	0.4	158	0.1	52	0.2	57
Brazil	0.4	136	0.3	114	0.8	311	0.6	242
Colombia	0.1	43	0.1	47	0.9	338	0.4	173
Other	0.8	248	1.5	585	1.2	443	0.9	362
Other	8.9	2 961	8.9	3 466	9.6	3 660	8.0	3 177
GRAND TOTAL	100.0	33 501	100.0	38 996	100.0	38 091	100.0	39 533
of which								
EFTA countries	23.6	7 903	19.9	7 747	17.0	6 493	16.9	6 694
EEC countries	40.8	13 693	35.5	13 858	34.1	13 004	32.9	13 025
OECD countries	71.4	23 940	62.4	24 327	62.1	23 654	62.9	24 856

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Invest- ment income, net	Un- required transfers, net	Other, net	Current account
1977	30 805	30 961	-156	+1 747	-23	+526	+2 094	-2 434	-198	-42	-580
1978	35 068	32 600	+2 468	+2 024	+141	+803	+5 436	-2 713	-211	+94	+2 606
1979*	43 302	44 430	-1 128	+3 010	+157	+359	+2 398	-2 840	-430	+111	-761
1980*	52 860	58 315	-5 455	+3 029	+324	+605	-1 497	-3 308	-451	+70	-5 186
1978											
Apr.-June	8 625	8 086	+539	+479	+4	+205	+1 227	-781	-40	+28	+434
July-Sept.	8 284	7 906	+378	+500	+217	+140	+1 235	-617	-42	+31	+607
Oct.-Dec.	10 406	9 163	+1 243	+588	-8	+273	+2 096	-746	-49	+31	+1 332
1979											
Jan.-March	9 683	9 168	+515	+652	-112	+318	+1 373	-656	-204	+24	+537
Apr.-June	10 847	10 193	+654	+745	+13	-71	+1 341	-963	-91	+25	+312
July-Sept.	10 210	11 573	-1 363	+792	+251	+76	-244	-671	-51	+33	-933
Oct.-Dec.	12 562	13 496	-934	+821	+5	+36	-72	-550	-84	+29	-677
1980*											
Jan.-March	12 787	13 608	-821	+870	-102	+326	+273	-787	-168	+6	-676
Apr.-June	12 470	14 027	-1 557	+557	+81	+103	-816	-723	-99	+34	-1 604
July-Sept.	12 865	15 641	-2 776	+845	+299	+119	-1 513	-765	-101	+12	-2 367
Oct.-Dec.	14 738	15 039	-301	+757	+46	+57	+559	-1 033	-83	+18	-539
1981*											
Jan.-March	14 472	13 586	+886	+1 004	-79	+78	+1 889	-998	-109	-7	+775
Apr.-June	15 498	15 796	-298	+1 056	+81	-125	+714	-1 256	-102	+7	-637



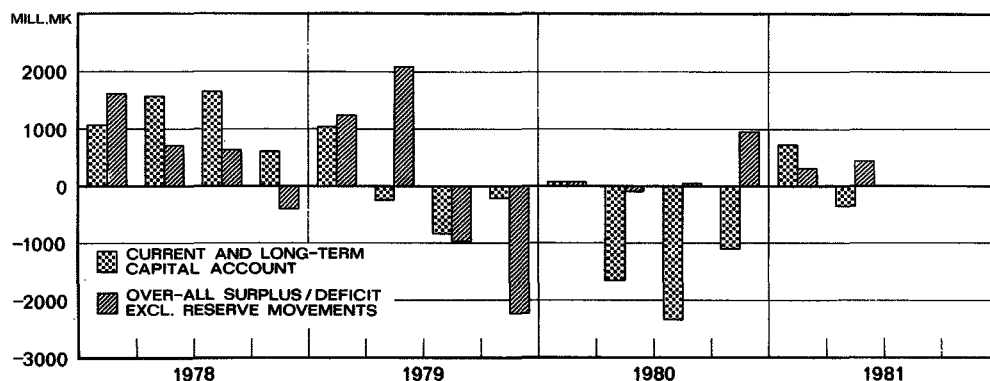
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Short-term capital of authorized banks, net ²	Miscellaneous, short-term capital items, incl. errors and omissions ²	Over-all surplus deficit excl. reserve movements ²	Bank of Finland foreign exchange reserves
+6 454	-2 745	-241	-401	+3 067	+2 487	-1 547	-470	-279	+25	+216	-216
+9 007	-5 743	-774	-225	+2 265	+4 871	+130	-2 188	-703	+479	+2 589	-2 589
+6 230	-4 843	-541	-337	+509	-252	+831	-834	+1 211	-834	+122	-122
+5 183	-4 140	-433	-428	+182	-5 004	+3 255	-967	+3 930	-219	+995	-995
+2 900	-1 733	-1	-51	+1 115	+1 549	+328	-402	-725	-28	+722	-722
+2 265	-1 089	-96	-38	+1 042	+1 649	+20	-692	-588	+252	+641	-641
+1 966	-2 067	-511	-119	-731	+601	+261	-692	-17	-549	-396	+396
+2 202	-1 626	-8	-46	+522	+1 059	-19	-63	+819	-564 ³	+1 232	-1 232
+1 267	-1 453	-218	-174	-578	-266	+39	-62	+1 966	+423	+2 100	-2 100
+1 258	-892	-336	+70	+100	-833	+422	-354	-1 100	+880	-985	+985
+1 503	-872	+21	-187	+465	-212	+389	-355	-474	-1 573	-2 225	+2 225
+2 108	-1 113	-171	-65	+759	+83	+302	-31	+518	-789 ³	+83	-83
+1 076	-997	-39	-86	-46	-1 650	+1 498	-32	+1 666	-1 577	-95	+95
+1 126	-913	-36	-146	+31	-2 336	+711	-452	+1 189	+942	+54	-54
+873	-1 117	-187	-131	-562	-1 101	+744	-452	+557	+1 205	+953	-953
+1 404	-955	-227	-232	-10	+765	-551	+719	+143	-767 ³	+309	-309
+1 948	-1 213	-195	-249	+291	-346	+880	+720	+70	-894	+430	-430

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

¹ Including Direct investment, net.

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

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

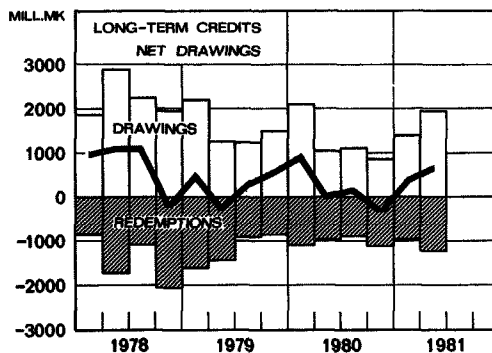
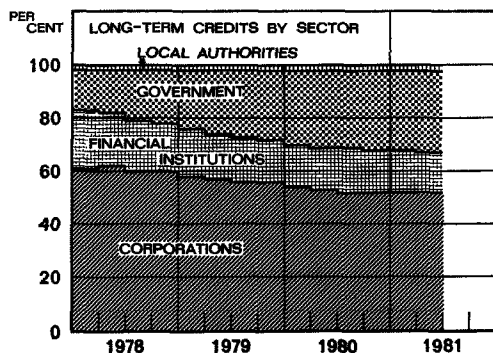


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (9-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9		10
1977	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979*	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980*	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
1978										
June	2 517	1 759	862	5 138	26 769	6 134	1 865	159	34 927	29 789
Sept.	2 548	1 785	885	5 218	28 212	5 812	1 885	187	36 096	30 878
Dec.	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979*										
March	3 001	1 972	1 008	5 981	28 214	5 584	1 924	221	35 943	29 962
June	3 179	2 089	1 029	6 297	27 763	5 172	1 923	226	35 084	28 787
Sept.	3 419	2 226	1 066	6 711	27 724	4 956	1 930	232	34 842	28 131
Dec.	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980*										
March	3 625	2 456	932	7 013	29 122	4 692	1 971	288	36 073	29 060
June	3 534	2 539	967	7 040	28 887	4 517	1 990	268	35 662	28 622
Sept.	3 594	2 649	972	7 215	29 251	4 482	2 029	278	36 040	28 825
Dec.	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
1981*										
March	4 254	2 945	1 229	8 428	30 523	4 455	2 138	442	37 558	29 130
June	4 473	3 161	1 278	8 912	32 814	4 467	2 180	406	39 867	30 955

See explanations on page 22.

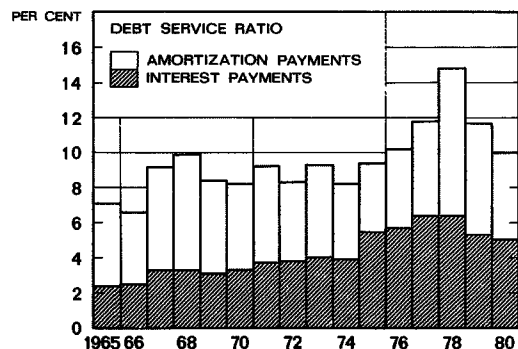
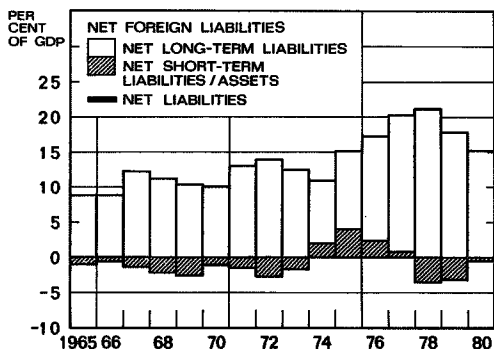


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

Short-term assets				Short-term liabilities				Net short-term liabilities (18-14)	Net liabilities (10 + 19)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (11 to 13)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (15 to 17)				
11	12	13	14	15	16	17	18	19	20	21	22
3 776	3 960	7 334	15 070	1 423	6 335	8 241	15 999	929	26 670	4 516	2 082
6 545	4 731	8 698	19 974	1 478	6 379	7 309	15 166	-4 808	24 852	6 623	3 769
7 918	6 579	9 970	24 467	2 340	9 333	7 816	19 489	-4 978	23 697	6 457	3 472
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	6 716	3 274
6 748	4 194	7 907	18 849	1 772	6 610	7 752	16 134	-2 715	27 074	1 494	673
7 003	4 509	8 247	19 759	1 483	6 264	7 419	15 166	-4 593	26 285	1 628	984
6 545	4 731	8 698	19 974	1 478	6 379	7 309	15 166	-4 808	24 852	2 109	1 333
7 804	4 187	8 845	20 836	1 611	6 692	7 332	15 635	-5 201	24 761	1 970	1 284
9 871	4 053	9 131	23 055	1 604	8 404	7 476	17 484	-5 571	23 216	2 085	1 082
8 601	4 205	9 508	22 314	1 579	7 620	7 808	17 007	-5 307	22 824	1 315	604
7 918	6 579	9 970	24 467	2 340	9 333	7 816	19 489	-4 978	23 697	1 087	502
8 708	6 936	10 224	25 868	3 113	10 179	7 865	21 157	-4 711	24 349	1 756	937
9 279	7 133	10 509	26 921	3 727	11 970	9 545	25 242	-1 679	26 943	1 518	730
9 250	7 478	11 469	28 197	3 605	13 539	10 567	27 711	-486	28 339	1 554	761
9 895	9 560	12 532	31 987	3 089	16 240	11 849	31 178	-809	27 984	1 888	846
9 701	9 629	12 442	31 772	2 680	16 542	12 347	31 569	-203	28 927	1 749	732
10 125	10 853	12 489	33 467	2 437	18 080	14 068	34 585	1 118	32 073	2 170	897

See explanations on page 22.



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975 = 100						Building costs 1980 = 100 ¹		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1978	727	125.8	124.1	131.8	119.2	140.3	129.5			
1979	791	138.0	135.0	148.7	133.1	150.7	139.2			
1980	919	160.7	156.6	175.0	160.1	167.7	155.9	100.0	100.0	100.0
1981										
Jan.	983	171.8	168.2	184.6	172.6	176.5	166.1	106.7	105.3	106.8
Feb.	1 003	175.3	170.7	191.6	177.7	176.9	168.4	107.0	105.3	107.3
March	1 020	178.2	173.7	194.1	181.2	179.4	169.9	107.4	105.4	107.8
April	1 029	179.9	175.6	194.9	183.4	181.2	170.4	108.6	109.5	108.1
May	1 037	181.3	177.1	196.1	184.6	183.3	171.7	108.9	109.6	108.4
June	1 042	182.1	177.7	197.7	185.2	184.8	172.4	109.7	109.6	109.5
July	1 048	183.1	179.0	197.5	185.7	187.0	173.8	110.3	109.6	110.4
Aug.	1 057	184.7	180.5	199.5	187.5	187.9	175.3	110.4	109.6	110.6
Sept.	1 064	185.9	181.9	200.2	189.0	189.8	175.3	112.2	112.8	111.8

¹ New series.

Period	Consumer prices 1977 = 100										
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1978	107.8	104.4	114.6	105.8	106.3	106.4	105.2	112.4	111.1	108.2	109.2
1979	115.9	108.8	129.4	116.3	113.1	114.4	114.4	124.1	120.2	115.5	118.4
1980	129.4	122.8	140.9	131.9	122.4	141.1	127.4	137.6	136.4	123.4	132.6
1981											
Jan.	137.6	128.8	155.5	140.4	132.8	153.4	133.9	145.2	142.4	129.4	144.4
Feb.	138.8	129.3	155.5	143.2	132.8	159.4	134.5	145.3	144.9	130.0	145.8
March	140.6	133.6	157.3	142.8	134.1	163.2	135.2	145.3	146.0	130.4	147.7
April	142.4	136.4	157.4	145.1	134.1	168.1	137.0	145.4	147.4	134.5	149.6
May	144.4	137.1	157.4	146.2	142.1	168.0	137.2	148.3	148.5	135.7	150.1
June	145.3	138.4	157.8	146.4	142.1	168.3	137.4	150.3	149.7	137.1	151.0
July	145.7	140.1	157.9	144.4	142.1	168.6	137.9	152.5	150.2	137.0	151.7
Aug.	146.2	139.8	157.9	146.7	142.1	171.5	138.6	152.6	150.0	139.2	152.2
Sept.	148.1	144.7	158.0	149.5	142.1	172.6	139.9	152.6	152.3	139.7	153.0

WAGES

Index of wage and salary earnings 1975 = 100

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

PRODUCTION

Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1979										
Apr.-June	111	117	87	168	73	89	111	103	119	113
July-Sept.	106	105	161	70	97	86	113	103	120	109
Oct.-Dec.	119	126	77	148	119	90	127	111	122	115
1980*										
Jan.-March	112	126	73	145	79	87	110	96	124	112
Apr.-June	114	126	83	139	79	89	112	104	124	117
July-Sept.	115	116	187	89	111	86	123	106	125	113
Oct.-Dec.	124	135	80	152	121	86	131	114	127	119
1981*										
Jan.-March	113	128	71	139	79	85	112	96	127	115
Apr.-June	117	129	87	147	76	88	121	106	127	120

PRODUCTION

Index of industrial production 1975 = 100

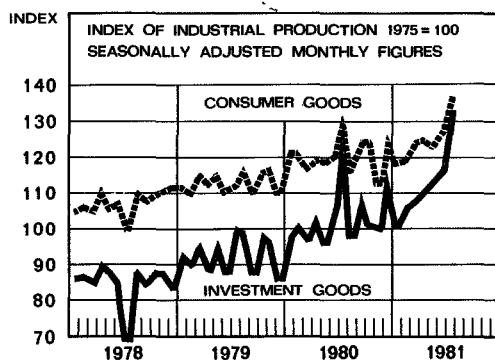
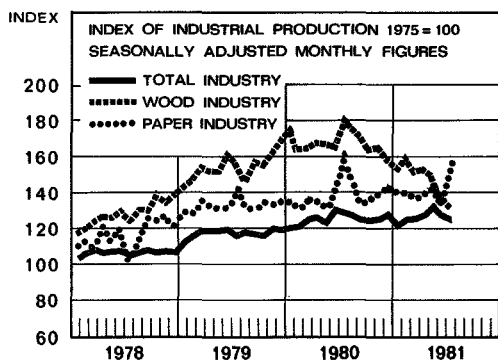
Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1977	101.8	93.6	100.9	104.4	96.3	199.0	104.6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

1980*

Aug.	125.5	98.5	121.5	134.8	114.0	153.1	152.2	139.9	119.8	115.5	128.0
Sept.	135.3	117.8	128.6	143.3	125.1	186.3	143.3	143.8	130.4	137.2	125.8
Oct.	143.7	117.2	141.7	152.0	145.4	183.8	152.5	158.8	139.4	138.6	125.8
Nov.	133.1	115.6	128.1	140.3	127.3	160.6	147.2	142.4	119.4	133.3	126.3
Dec.	127.8	113.3	124.8	133.2	116.2	145.3	136.0	134.2	96.6	129.0	129.4

1981*

Jan.	130.3	106.8	126.2	138.6	107.0	146.5	150.3	151.0	104.4	124.3	123.2
Feb.	125.0	108.6	118.6	132.5	100.0	154.2	137.6	142.8	105.5	124.4	126.6
March	136.9	117.0	134.6	143.5	115.6	172.2	148.9	170.1	109.0	131.6	126.5
April	128.4	107.2	127.1	134.8	117.5	176.1	130.0	157.9	106.8	125.7	128.8
May	135.6	120.9	129.3	142.7	121.7	178.4	148.2	157.6	110.6	139.1	133.6
June	123.2	118.1	121.6	125.3	118.9	148.1	111.5	153.3	108.4	135.3	128.6
July	87.9	60.6	80.1	99.0	113.0	67.8	146.6	103.3	71.5	67.7	126.0
Aug.	128.9	112.1	124.8	135.4	117.9	136.4	156.6	156.8	102.2	123.4	132.5



LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1972 = 100	Wholesale volume index 1972 = 100
1977	3 561	2 248	2 111	137	6.1	27 814	113	120
1978	3 578	2 253	2 084	169	7.5	29 021	110	120
1979	3 593	2 223	2 134	139	6.1	37 986	117	135
1980*	3 606	2 315	2 203	112	4.8	38 283	119	141
1980*								
Nov.	3 612	2 296	2 189	107	4.6	3 400	114	139
Dec.	3 615	2 294	2 179	115	5.0	3 775	150	158
1981*								
Jan.	3 616	2 280	2 148	132	5.8	3 397	106	124
Feb.	3 622	2 300	2 174	126	5.5	3 839	103	130
March	3 622	2 295	2 167	128	5.6	4 305	108	144
April	3 623	2 272	2 158	114	5.0	4 564	118	140
May	3 624	2 333	2 215	118	5.1	3 588	121	147
June	3 623	2 542	2 415	127	5.0	2 184	125	141
July	3 625	2 556	2 422	134	5.2	1 600	..	..
Aug.	3 627	2 454	2 330	124	5.1	1 732	..	..

CONSTRUCTION OF BUILDINGS

Period	Building permits granted					Buildings completed					Building-works under construction
	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	Total	Residential buildings	Farm buildings	Industrial and business buildings	Public buildings	
Million cubic metres											
1978	41.98	17.90	4.97	12.72	3.68	42.56	18.21	3.77	13.59	4.21	42.78
1979	48.64	18.71	6.34	16.57	3.99	38.29	16.70	4.39	11.88	3.25	47.62
1980*	50.53	19.66	5.43	18.41	3.99	42.34	17.05	4.73	14.56	3.81	50.82
1980*											
Jan.-March	8.55	3.38	1.04	3.13	0.55	8.46	3.82	0.76	2.82	0.74	43.61
Apr.-June	18.92	8.21	2.64	5.69	1.24	7.84	3.35	0.72	2.74	0.61	52.72
July-Sept.	11.97	4.69	1.01	4.49	0.91	10.77	3.47	1.37	4.05	1.11	54.62
Oct.-Dec.	11.09	3.38	0.74	5.10	1.29	13.49	5.80	1.65	4.37	1.15	50.82
1981*											
Jan.-March	7.17	2.85	0.90	2.47	0.49	7.91	3.50	0.54	2.81	0.80	45.82

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. *Public sector*: Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables. Liabilities = Cheque accounts + Counter-cyclical reserves + Counter-cyclical deposits + Capital import deposits + Other public sector claims.

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

Page 5. *Domestic financial sector*: Other liabilities, net = Capital import deposits + Other financial institution claims — Till-money credits — Bonds — Other financial institution receivables.

Corporate sector: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers credits. Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Export deposits + Other corporate claims — Bonds — Other corporate receivables.

MONETARY POLICY INDICATORS

Page 6. All the figures except the Average lending rate of the commercial banks are mean values of daily figures for the month or year in question. The Average lending rate of the commercial banks is the mean value of end of the month lending rates weighted by credit outstanding.

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

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

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

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

FOREIGN EXCHANGE RATES

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

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

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

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

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

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

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

STATE FINANCES

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

FOREIGN TRADE

Pages 11—13. Figures supplied by the Board of Customs. *Indices* (p. 11): The volume indices are calculated according to the Paasche formula and the unit value indices according to the Laspeyres formula. *Terms of trade*: the ratio of export indices to import indices. *Foreign trade by countries*: (p. 13): from January 1980 imports by countries of origin exports by countries of consignment.

BALANCE OF PAYMENTS

Pages 14—15. Figures are calculated by the Bank of Finland. In the current account, the figures for visible and invisible trade have been revised from 1970 so that they are in accordance with the revised System of National Accounts. In addition to the Board of Customs figures, exports include fuel for carriers but exclude stevedoring expenses and imports include seamen's duty-free imports, fuel for carriers and adjusted allowance for smuggling.

On Jan. 1, 1980, foreign bonds were included in the convertible foreign exchange reserves of the Bank of Finland and not in the short-term capital account as earlier. The figures for other years have also been revised accordingly.

FOREIGN ASSETS AND LIABILITIES

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

Column 21 Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payments of long-term foreign assets and liabilities, excl. amortisation payments of the Bank of Finland's reserves and oil credits.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings. 1978 and 1979 debt service does not include amortisation of the Bank of Finland's reserve and oil credits.

PRICE INDICES

Page 18. All indices calculated by the Central Statistical Office

WAGES — PRODUCTION

Pages 19—20. Figures supplied by the Central Statistical Office. Page 20. *Index of industrial production* calculated by the Central Statistical Office. The grouping, by branches of industry is in accordance with the Standard Industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II. Commodities according to use: Investments goods weight 15.2, other producer goods weight 58.2, and consumer goods weight 26.6. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.7, manufacture of wood, and wood and cork products (SIC 331-2) 5.1, manufacture of paper and paper products (SIC 341) 12.3, manufacture of industrial chemicals (SIC 351-2) 5.3, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.9, and metal industry (SIC 37—38) 31.9.

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — CONSTRUCTION OF BUILDINGS

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

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

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

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

INTERNATIONAL ORGANIZATIONS

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

LAND

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

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

POPULATION

NUMBER OF INHABITANTS (1979): 4.8 million. Sweden 8.3, Switzerland 6.3, Denmark 5.1, and Norway 4.1 million.

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

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

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

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

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

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

TRADE AND TRANSPORT

NATIONAL INCOME (1980), in million marks: Gross domestic product at factor cost by industrial origin; agriculture 6 863 (4%), forestry and fishing 8 330 (5%), manufacturing 54 285 (33%), construction 12 102 (7%), trade, restaurants and hotels 19 169 (11%), transport and communication 13 557 (8%), banking and insurance 6 613 (4%), ownership of dwellings 11 048 (7%) other services 34 146 (21%), total 166 113. Index of real domestic product 118 (1975 = 100).

FOREST RESOURCES (1979). The growing stock comprised of 1 606 million m³ (solid volume with bark) of which 45% was pine and 37% spruce, the remaining 18% being broad-leaved trees, chiefly birch. Of the growing stock, 690 million m³ was up to the standard required for logs, 56% of these being pine. The annual growth was 61 million m³ and the total removal calculated on the basis of roundwood consumption was 49 million m³.

AGRICULTURE (1979). Cultivated land 2.3 million hectares. Number of holdings 229 356 of which 157 673 are of more than 5 ha. Measure of self-sufficiency in bread cereals 44%, 70% in 1980.

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

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

MERCHANT FLEET (Sept. 30, 1981): Passenger vessels 146 (263 604 gross reg. tons), tankers 44 (1 250 257 gross reg. tons), dry cargo vessels 190 (880 396 gross reg. tons), other vessels 97 (15 171 gross reg. tons), total 477 (2 409 426 gross reg. tons).

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

FINNISH AIRLINES (Sept. 1, 1981): Finnair and Kar-Air have in use 3 DC-8, 1 DC-6-ST, 5 Super Caravelles, 9 DC-9 10/14/15, 3 DC-9-41, 12 DC-9-51, 3 DC-10-30, 2 Fokker F-27 and 1 Emprae Bandeirante, Companies have scheduled traffic outside of Finland to 39 airports and to 20 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1860. Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 22.0, Skr 16.5, £ 13.2, DM 13.0, \$ 9.9, other currencies 25.4. The permissible range of fluctuation is about 3 per cent on either side of the arithmetic mean. The fluctuation limits are 119.0 and 112.0.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1980). There are two big and five small commercial banks with in all 880 offices, 275 savings banks, 372 co-operative banks, five mortgage banks. Postipankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-five private insurance companies also grant credits.

RATES OF INTEREST (Feb. 1, 1980). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility is 9 ½%. The range of rates for other credits granted by the Bank of Finland is between 7 ½% and 10 ½%. Other credit institutions: time deposits 5%; 6 month deposits 6 ¼%; 12 month deposits 7 ¾%; 24 month deposits 9% and sight deposits 2%. The highest lending rate 12 ½%.

SOCIAL INSURANCE IN FINLAND

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INTRODUCTION

A prominent feature of the development of social security in Finland during the past twenty years has been the expansion of social insurance schemes and the coverage they provide. The purpose of social insurance is to protect the population against loss of income in the event of sickness, invalidity, old age, the death of the family provider, maternity and unemployment. It also aims at alleviating the burden of medical expenses incurred as a result of sickness.

Apart from the major division of social insurance into pension and sickness insurance, a further distinction can be drawn in pension insurance between two types of schemes with quite different but complementary functions: the basic pensions schemes and the employment pension schemes. The former provide security to all residents of Finland, while the latter provide supplementary, earnings-related benefits to all those who have been active in the labour force. The basic pensions schemes are administered by the Social Insurance Institution (SII), which also operates the National Sickness Insurance Scheme as well as the National Rehabilitation and Preventive Care Scheme.

This article seeks to describe the present system of social insurance in Finland, paying particular attention to the various schemes operated by the SII.

SOCIAL INSURANCE INSTITUTION (SII)

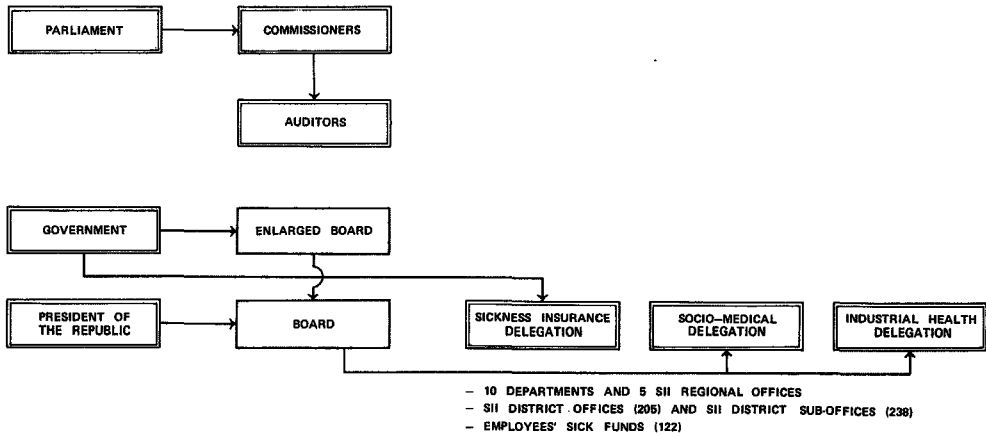
The SII was established in 1937 to implement the first basic pensions scheme. In 1964, the universal sickness insurance scheme came into force under the administration of the SII, which thereby became the major social security agency in Finland. Today, it is responsible for about a third of all social expenditures.

Financially and administratively, the SII is an autonomous, publicly owned institution operating under the supervision of Parliament. The managing bodies are the Board and the Enlarged Board, the former taking care of general management while the latter is responsible for financial and policy decisions.

The members of the Board, which consists of the Director-General and five Directors, are appointed by the President of Finland, whereas the remaining members of the Enlarged Board are appointed by the Government. Additional administrative bodies include the Commissioners, who supervise the activities and management of the SII, and the Auditors, who prepare and present an annual report to Parliament.

The SII is organized into ten departments and 205 insurance districts as illustrated in Figure 1. It has a dense network of 450 local offices, which handle pensions insurance in general as well as sickness insurance and rehabilitation matters.

FIGURE 1. ORGANIZATION OF THE SOCIAL INSURANCE INSTITUTION



PENSION SCHEMES

As indicated above, Finnish pension insurance can be divided into basic and employment pensions schemes. It is also possible to identify a third source of special benefits available under various accident insurance schemes.

The basic pensions schemes administered by the SII have their origins in the National Pensions Act of 1937. Pensions under these schemes are designed to ensure a minimum but adequate standard of living for the entire population. Coverage is universal, everybody over sixteen years of age being entitled to benefits regardless of contributions paid.

Compulsory earnings-related pensions are provided under schemes operated by private insurance companies, pension foundations and pension funds, as well as under a number of fairly old State and local authority schemes. The system is regulated by the following Acts of Parliament: the Employees' Pensions Act, the Temporary Employees' Pensions Act, the Self-Employed Persons' Pensions Act, the Farmers' Pensions Act, the Government Employees' Pensions Act, the Local Government Employees' Pensions Act, the Evangelical-Lutheran Church Pensions Act and the Seamen's Pension Act. Also falling within this

category are the voluntary pensions provided under the Employees' Pensions Act, the Farmers' Pensions Act, the Self-Employed Persons' Pensions Act and various private schemes. Together with the basic pensions, earnings-related benefits are intended to guarantee insured persons a level of consumption commensurate with that enjoyed while gainfully employed.

Special benefits are granted under the Industrial Injuries Act, the Third Party Motor Insurance Act, and the Military Injuries Act. They comprise invalidity and survivors' benefits and are designed to insure the population against loss of income incurred as a result of accidents.

The numbers of insured and pension beneficiaries covered by the main Finnish pensions schemes are shown in Table 1. Total expenditure on different pension benefits in 1965—1980 is shown in Table 2.

The basic pensions schemes are financed on a pay-as-you-go principle through contributions paid by the insured, the employers, the State and the local authorities. Financing is also available from the SII fund, which mainly serves as a safeguard against illiquidity. In 1981, the insured contributed two per cent of their income liable to local income taxation, while the em-

TABLE 1. NUMBERS OF INSURED AND PENSION BENEFICIARIES COVERED BY MAIN FINNISH PENSIONS SCHEMES IN 1980

Scheme	Insured Thousands	Benefi- ciaries
Basic pensions scheme	3 170	940
Employees' pensions scheme	1 300	269
Temporary employees' pensions scheme	140	105
Seamen's pensions scheme	14	4
Local government pensions scheme	340	70
Government employees' pensions scheme	245	143
Evangelical-Lutheran church pensions scheme	14	4
Farmers' pensions scheme	240	155
Self-employed persons' pensions scheme	100	39

contributions. Schemes regulated by the Employees' Pensions Act and the Temporary Employees' Pensions Act are financed by the employers. The Self-Employed Persons' Pensions Scheme and the Farmers' Pensions Scheme are financed by the insured and the State. The Seamen's Pensions Scheme is financed by contributions collected from insured persons, the employers and the State. Finally, the voluntary pensions falling under the Employees' Pensions Act are financed by the employers and the insured.

The next section examines in more detail the various benefits available under the basic pensions schemes.

employers paid from 4.625 to 5.625 per cent of the wage bill, the precise percentage depending upon their deductions for capital depreciation.

The financing of the earnings-related schemes is based largely on the funding of insurance

BASIC PENSION INSURANCE BENEFITS

The following classes of benefits are provided under the various pension schemes administered by the SII: old age pensions, invalidity pensions, unemployment pensions, old age

TABLE 2. TOTAL EXPENDITURE ON PENSION BENEFITS IN 1965—1980, MILLION MARKS

Year	Basic pensions scheme benefits	Private sector employment pensions benefits ¹	State employment pensions benefits	Local government pensions benefits	Other employment pensions benefits ²	The Industrial Injuries Insurance Act benefits	The Third Party Motor Insurance Act benefits	The Military Injuries Act benefits	Additional pensions under private sector employment pensions benefits	Pensions paid by funds and foundations under private schemes
1965	646	29	243	57	8	29	5	127	0.5	57
1966	819	53	277	69	9	34	6	139	2	64
1967	948	83	327	116	13	38	10	152	3	73
1968	1 060	135	404	142	16	52	15	173	5	84
1969	1 150	202	460	166	20	48	18	185	7	97
1970	1 268	227	541	199	25	57	22	196	10	110
1971	1 550	394	636	240	32	63	26	215	13	129
1972	1 750	579	777	303	42	83	34	271	19	153
1973	2 151	778	926	369	53	101	43	300	25	183
1974	2 916	1 050	1 137	463	69	111	56	345	38	219
1975	3 537	1 465	1 457	607	90	149	74	422	58	274
1976	4 153	2 105	1 833	789	120	173	94	502	85	341
1977	4 722	2 879	2 184	974	153	152	112	570	110	402
1978	5 130	3 392	2 418	1 096	178	237	117	610	135	455
1979	5 468	4 021	2 674	1 229	202	232	129	630	162	490
1980	6 285	4 761	3 005	1 409	231	261	143	687	194	525

¹ Pensions paid under the Employees' Pensions Act, the Temporary Employees' Pensions Act, the Self Employed Persons' Pensions Act and the Farmers' Pensions Act.

² Pensions paid under the Seamen's Pensions Act, the Åland Islands' Pensions Legislation, the Evangelical-Lutheran Church Pensions Act, the Orthodox Church Pensions Scheme, and Staff Pensions of the SII, Post Office Savings Bank and the Bank of Finland.

TABLE 3. REVENUE AND EXPENDITURE UNDER THE SII PENSIONS SCHEMES, 1973—1980**Revenue** (excl. transfers of funds)

Sources of revenue	1973		1974		1975		1976		1977		1978		1979		1980	
	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent
The insured	589	22.8	680	22.8	1 077	26.2	1 306	25.9	1 445	26.1	1 268	22.7	1 438	22.5	1 635	22.3
Employers	1 362	52.8	1 614	52.9	2 192	51.9	2 723	53.9	2 916	52.7	2 970	53.1	3 544	55.5	3 980	54.2
State	321	12.4	409	13.4	487	11.9	555	11.0	625	11.3	735	13.2	770	12.1	1 019	13.9
Local authorities	188	7.3	200	6.5	295	7.2	354	7.0	400	7.2	443	7.9	476	7.4	525	7.1
Yield on assets and other income	122	4.7	134	4.4	116	2.8	109	2.2	150	2.7	173	3.1	160	2.5	183	2.5
Total revenue	2 583	100.0	3 054	100.0	4 103	100.0	5 047	100.0	5 536	100.0	5 589	100.0	6 388	100.0	7 342	100.0

Expenditure (excl. transfers of funds)

	1973		1974		1975		1976		1977		1978		1979		1980	
	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent
Old age pensions	1 465	59.9	1 961	60.8	2 359	60.8	2 786	61.6	3 210	62.7	3 537	63.3	3 819	64.1	..	..
Invalidity pensions	745	30.4	1 030	31.9	1 256	32.4	1 447	32.0	1 591	31.1	1 672	29.9	1 722	28.9	..	..
Other benefits	173	7.1	158	4.9	165	4.3	169	3.7	191	3.7	245	4.4	262	4.5	..	..
Administration and other	63	2.6	75	2.4	98	2.5	124	2.7	126	2.5	135	2.4	151	2.5	198	..
Total expenditure	2 446	100.0	3 224	100.0	3 878	100.0	4 525	100.0	5 118	100.0	5 589	100.0	5 954	100.0	6 946	..

Source: SII Annual Reports

assistance, child care allowances, survivors' pensions, front-veterans' pensions and supplements, and a group of other benefits comprising burial grants and training allowances for widows. Most of the schemes cover all people resident in Finland; only the coverage of the Front-Veterans' Pensions Scheme is restricted to Finnish citizens.

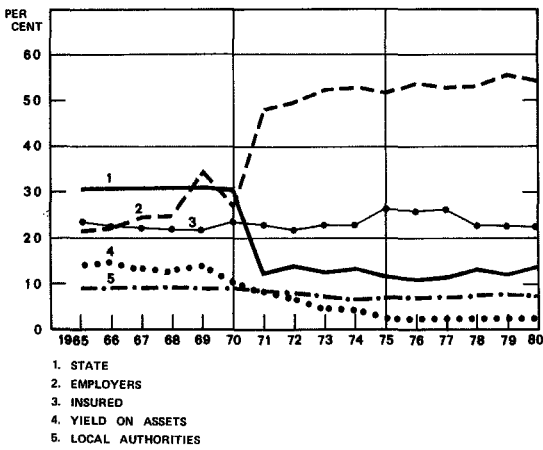
Table 3 shows revenue and expenditure patterns for the pensions schemes operated by the SII, and Figure 2 shows revenue by source.

The old age pension is payable to all insured persons over the age of 65. Invalidity pensions are payable to insured persons between the ages of 16 and 65 who are incapacitated from work and hence unable to support themselves; benefits can be granted for a specified or

unspecified period of time. Unemployment pension benefits are granted for a specified period to insured persons between the ages of 55 and 65 who have been unemployed for ten months. The benefits payable under these three schemes consist of a basic amount, an assistance amount and an assistance supplement. Single women between the ages of 60 and 65 are eligible for old age assistance, but this benefit is being phased out and no new beneficiaries are being taken on to the scheme.

Child care allowance is paid to all children under 16 who suffer from a chronic disability or illness and who neither receive institutional care nor participate in institutional training. Survivors' pensions comprise widows' and orphans' pensions. Widows receive a pension for the first six months after bereavement and

FIGURE 2. SOURCES OF REVENUE OF THE SII-ADMINISTERED PENSIONS SCHEMES



subsequently while they have children below the age of 21. The widow's pension consists of a basic amount and the following means-tested components: an assistance amount, an assistance supplement and a housing allowance. A child who has lost one or both parents and who is still attending school is eligible for an orphan's pension, provided that some adult person has assumed guardianship of the child. The orphan's pension is a flat-rate benefit, which may include a local supplement.

TABLE 4. NUMBER OF INSURED REHABILITATED PERSONS AND COSTS OF INDIVIDUAL REHABILITATION, 1968—1979

Years	Number of insured persons whose costs have been covered	Total costs Thousand marks
1968	4 529	2 839
1969	5 566	4 020
1970	7 545	5 017
1971	9 049	6 762
1972	9 931	8 625
1973	10 551	10 172
1974	12 616	13 439
1975	14 423	18 882
1976	16 003	24 781
1977	15 580	27 827
1978	16 570	33 042
1979	17 376	42 410

Source: SII Annual Reports

The front-veteran's pension is a means-tested benefit payable to all holders of a front-veteran's badge aged between 55 and 65. The pension may include a housing allowance. There are two groups of beneficiaries, those over 55 and those over 60. Reduced working capability is a prerequisite for a pension in the over-55 group. The front-veterans' supplement is granted to all recipients of basic pensions who are in possession of a front-veterans' badge. Included in the group of other benefits are a burial grant, which is payable to the spouse or the estate of the deceased, and a vocational training allowance, which is a means-tested benefit payable to widows receiving benefits under the Survivors' Pensions Scheme.

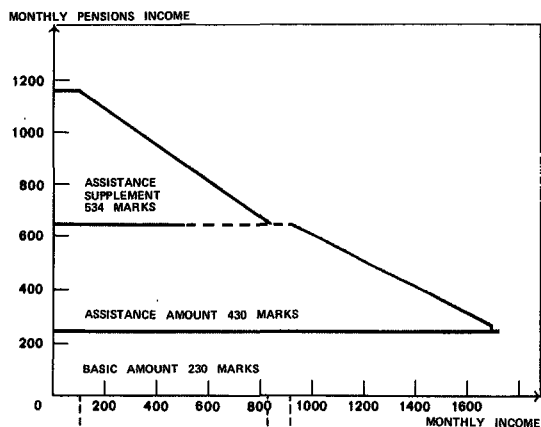
Basic pension insurance also covers rehabilitation, and the SII participates in the financing and activities of several rehabilitation establishments. The SII also runs the Rehabilitation Research Centre, which is concerned with the development and evaluation of rehabilitation methods. Table 4 shows the annual number of insured persons rehabilitated in the period 1968—1979 and the related costs.

COMPONENTS OF BASIC PENSION BENEFITS

As already indicated, the various benefits payable under the basic pensions schemes include flat-rate components as well as graduated and means-tested components.

The flat-rate components comprise the basic amount, the child supplement, the helplessness supplement, the front-veterans' supplement, the orphan's pension and child-care allowance. All the rates quoted below are those obtaining in August 1981. The basic amount is 230 marks a month. The child supplement, 135 marks a month, is payable to those receiving old age, invalidity and unemployment pensions with children under 16, and may include local cost-of-living supplements. The helplessness supplement is payable at two rates — 210 and 309

FIGURE 3. MEANS TEST APPLIED TO ASSISTANCE AMOUNT AND ASSISTANCE SUPPLEMENT



marks a month — depending on the beneficiary's age and assessed helplessness and provided that they are not receiving any long-term institutional care. The monthly rate for the orphan's pension is 270 marks if both parents are deceased and 135 marks if one parent is deceased; both are subject to local cost-of-living supplements. Child care allowance is paid at a rate of 445 or 667 marks a month depending on the severity of the handicap. The front-veteran's supplement is paid at a rate of 112 marks a month.

The means-tested components comprise the assistance amount, the assistance supplement and the housing allowance. The rates payable on these components start to decrease once the recipient's annual income exceeds a specified maximum amount. Figure 3 illustrates the means test applied to the assistance amount and assistance supplement. Only the most needy qualify for the assistance supplement and the housing allowance, and these benefits are not payable for a period of care in a state-subsidized institution in excess of six months.

In all the basic pensions schemes there are provisions against inflation. The benefits are linked to the Cost of Living index and every 3 per cent increase triggers a corresponding increase in rates. The income and property limits of the means-tested benefits are also

index-linked and adjusted simultaneously with benefit rates. In contrast to earnings-related pension benefits, all basic pension insurance benefits are tax-exempt, although this provision will shortly be subject to revision.

STRUCTURE OF HEALTH CARE

The public financing and provision of health care have deep roots in Finland, the basis for publicly provided health services being created in the nineteenth century. At first hospitals were owned by the church, then by the State and at present they are in the hands of the local authorities. The ownership of most hospitals was transferred to the local authorities in the early 1950s.

The present system of health care in Finland is hierarchical and decentralized in structure. The central government is responsible for managing and supervising the organization of the health services and the provision of health care resources to the local authorities. This task is carried out by the Ministry of Social Affairs and Health, which also prepares health legislation and the State's health care budget.

The sickness insurance scheme came into operation in 1964 in compliance with the 1963 Act of Parliament. In each insurance district there is a social insurance board with members appointed both by the SII and the local authorities. Organizing local administration in this way ensures that the recipients of health care can participate in the decision-making process; these boards also deal with applications for benefits. The activities of the local boards and local offices are supervised by the regional offices and the Sickness Insurance Department of the SII. The organization of the Finnish health care system is depicted in Figure 4.

The SII plays an important role in financing both public and private primary health care. Revenue and expenditure within the SII sickness insurance scheme are shown in Table

FIGURE 4. ORGANIZATION OF HEALTH CARE IN 1980

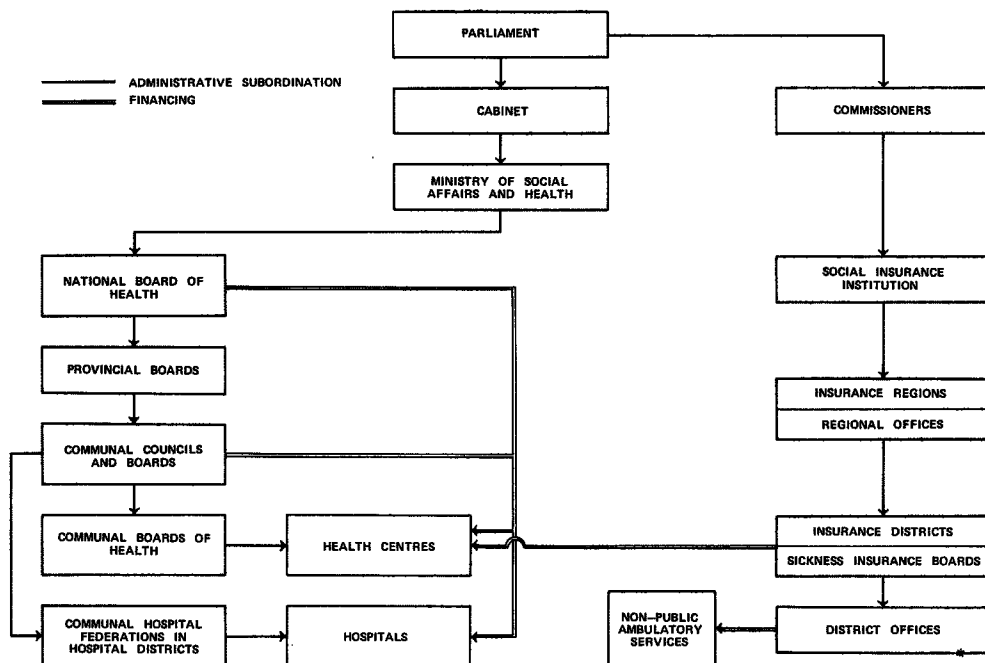


TABLE 5. REVENUE AND EXPENDITURE WITHIN THE SICKNESS INSURANCE SCHEME OF THE SII, 1976—1980

Revenue (excl. transfers of funds)

Sources of revenue	1976		1977		1978		1979		1980	
	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent
The insured	878.9	41.1	970.6	42.4	625.5	34.2	753.1	34.5	942.4	37.3
Employers	1 129.4	52.8	1 153.9	50.4	1 027.8	56.3	1 289.5	59.1	1 449.5	57.4
State	—	—	—	—	—	—	—	—	—	—
Other	129.8	6.1	165.8	7.2	173.9	9.5	139.4	6.4	134.9	5.3
Total	2 138.1	100.0	2 290.3	100.0	1 872.2	100.0	2 182.0	100.0	2 526.8	100.0

Expenditure (excl. transfers of funds and administration)

Benefits	1976		1977		1978		1979		1980	
	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent	Mill. mk	Per cent
Daily allowances	428	27.5	406	24.1	397	23.1	395	21.2	397	19.6
Maternity allowances	300	19.3	323	19.2	356	20.7	411	22.1	440	21.7
Physicians' fees	140	9.0	166	9.8	169	9.9	189	10.1	217	10.7
Medicine	435	28.0	490	29.1	519	30.2	561	30.2	620	30.6
Examinations and treatment	122	7.8	149	8.8	147	8.6	168	9.1	192	9.6
Travel and other	130	8.4	152	9.0	129	7.5	136	7.3	159	7.8
Total	1 554	100.0	1 685	100.0	1 715	100.0	1 859	100.0	2 025	100.0

Source: SII Annual Reports

TABLE 6. EXPENDITURE ON SICKNESS INSURANCE, OUT- AND IN-PATIENT HEALTH SERVICES, DAILY ALLOWANCES AND SOME SPECIAL BENEFITS IN 1965—1980, MILLION MARKS

Year	National sickness insurance	Out-patient health services	In-patient health services	Daily allowance payments under NSI	Refunds and daily allowances under the Industrial Injuries Insurance, the Third Party Motor Insurance and the Military Injuries Acts
1965	61	107	520	68	60
1966	75	120	599	84	68
1967	140	141	714	121	75
1968	175	174	864	132	83
1969	198	186	1 015	142	92
1970	229	212	1 143	184	110
1971	280	231	1 320	223	132
1972	353	285	1 520	284	157
1973	429	418	1 822	309	174
1974	551	573	2 277	342	203
1975	658	791	2 902	377	230
1976	827	991	3 449	428	247
1977	956	1 133	3 883	406	247
1978	964	1 299	4 050	397	255
1979	1 054	1 537	4 565	395	256
1980	1 187	1 814	5 354	396	..

Source: SII, Statistical Yearbook of the Social Insurance Institution. Publications of the Social Insurance Institution, Series T1:15, Vammala 1980.

5. Expenditures on sickness insurance benefits and related health services together with daily allowances paid under the National Sickness Insurance Scheme and various accident insurance schemes are given in Table 6.

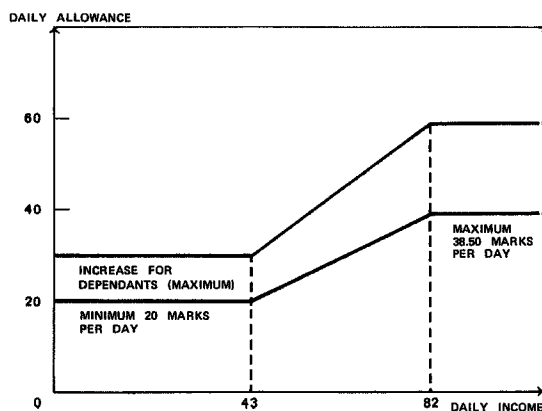
a day; the cut-off limits are less than 13 400 marks and more than 25 500 marks per annum, respectively, as illustrated in Figure 5. In addition, supplements are paid for the spouse and

SICKNESS INSURANCE BENEFITS

Daily allowances are payable to all persons aged 16 to 65 who are incapacitated from work through illness. Payment commences subsequent to a waiting period of seven week-days from the first day of disability and continues up to a maximum of 300 week-days for any single illness during a two-year period.

The daily allowance is calculated at the rate of 1.5 thousandths of the insured person's income in the previous tax year, but is not less than 20 marks and not more than 38.25 marks

FIGURE 5. INCOME DEPENDENCY OF DAILY ALLOWANCE



for children under 16. Married people qualify for these supplements only if their income is equal to or larger than that of their spouse.

Expectant and nursing mothers are entitled to maternity allowances for a specified number of week-days, which was 258 days in August 1981. Six to sixty of these days may be transferred to the father with the mother's consent. The allowance is the same as the sickness insurance daily allowance.

The National Sickness Insurance Scheme provides compensation for the costs of out-patient care incurred as a result of illness, pregnancy and confinement. Prescribed medicines, doctors' services, medical examinations and treatment and travel to and from care are covered by the scheme. Services provided by local authority health centres are free of charge; fees for doctors' services were discontinued at the beginning of 1981. For services furnished in the private sector, the scheme refunds 50 per cent of the cost of medicaments over 11 marks per purchase, 60 per cent of doctors' fees, 75 per cent of examination costs over 11 marks and travelling expenses over 7.50 marks per journey.

Besides benefits in cash, the SII administers a scheme for rehabilitation and preventive care, which is governed by both pension and sickness insurance legislation. The purpose of the rehabilitation scheme is to prevent disabilities and to restore the working capacity of those taken ill. Services provided under this scheme fall into two categories: medical and vocational rehabilitation. The SII actively supports occupational health care, which has a strong emphasis on disease prevention. Occupational health care partially covers doctors' fees, salaries of other medical staff, laboratory and radiological services, medicines and the operating costs of out-patient clinics. The most recent legislation concerning occupational health care refunds was enacted on 1 January 1979 and will be fully operational by 1983. The SII also defrays some of the cost of student health services through refunds to the Student Health Services Foundation.

Sickness insurance is financed mainly through contributions paid by the insured and by employers, with supplementary financing by the State if necessary. In 1981 the insured contributed one per cent of their income liable to local income taxation and the employers 1.75 per cent of the wage bill. Each year, 2 per cent of the contributions paid by the insured are allocated to rehabilitation and preventive care.

RESEARCH

In order to evaluate the needs of the population and to further develop social insurance, rehabilitation services and health care in general, the SII runs an extensive research programme. The Research Institute for Social Security is responsible for carrying out research on health services and the pensions schemes as well as on the economic aspects of health services and social insurance. It also conducts projects connected with the prevention of diseases and disability. As mentioned above, the research work of the Rehabilitation Research Centre is concerned with the further development of rehabilitation schemes. In addition, the SII provides financial support for research dealing with the prevention of diseases and rehabilitation.

FUTURE PROSPECTS OF THE INSURANCE SCHEMES

Although the basic pensions schemes have been subject to a continuous process of updating, pensions benefits still retain strictly means-tested components. Moreover, the schemes are quite complicated, and in many instances they do not guarantee an adequate standard of living for the beneficiaries. The SII put forward plans for rectifying these deficiencies in 1975. The proposed reform is designed to increase the pensions benefits of beneficiaries so that some specified minimum standard of living can be maintained after

retirement. The tax-exempt status of basic pensions benefits will be abolished, but the introduction at the same time of tax deductions for pensions income will ensure that those with low incomes receive their benefits untaxed. The reform will be implemented in stages and is expected to be fully operational by 1985 at the latest.

The daily allowance and maternity allowance have been lagging behind the development

of other income components. Accordingly, as of 1 January 1982 these sickness insurance benefits will be raised; at the same time, they will lose their tax-exempt status. The taxable daily allowance will be at least 80 per cent of earnings per day, but not less than 27.50 marks. The maternity allowance will be equivalent to the daily allowance for the first 75 days and subsequently at least 70 per cent of earnings per day, rising to at least 80 per cent of daily earnings as from 1 March 1983.

BANK OF FINLAND

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

Pentti Uusivirta Ele Alenius

Harri Holkeri Seppo Lindblom
Acting Member of the Board

Directors

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M. Vanhala Kari Holopainen
Foreign Exchange Bilateral Trade

Pekka Tukiainen J. Ojala
Foreign Financing Exchange Control

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

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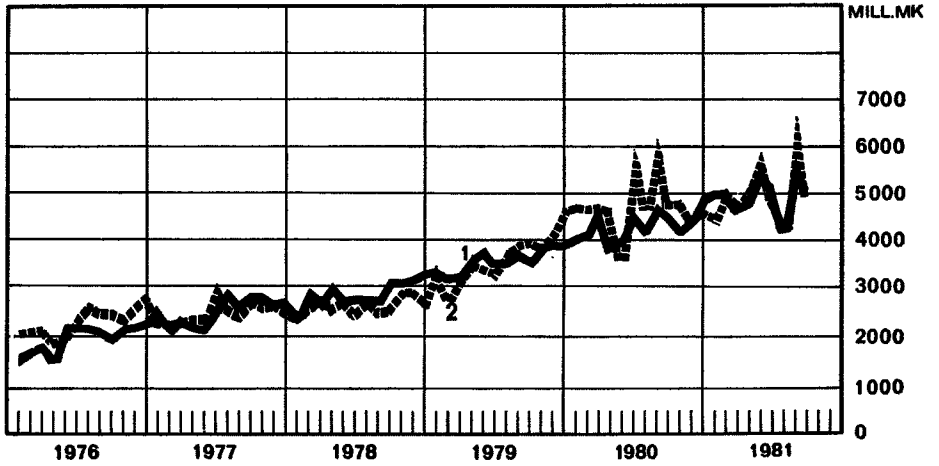
Timo Männistö U. Levo
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Erkki Vehkamäki Anton Mäkelä
Data Processing Personnel

Stig G Björklund Reijo Mäkinen
Payments Cash

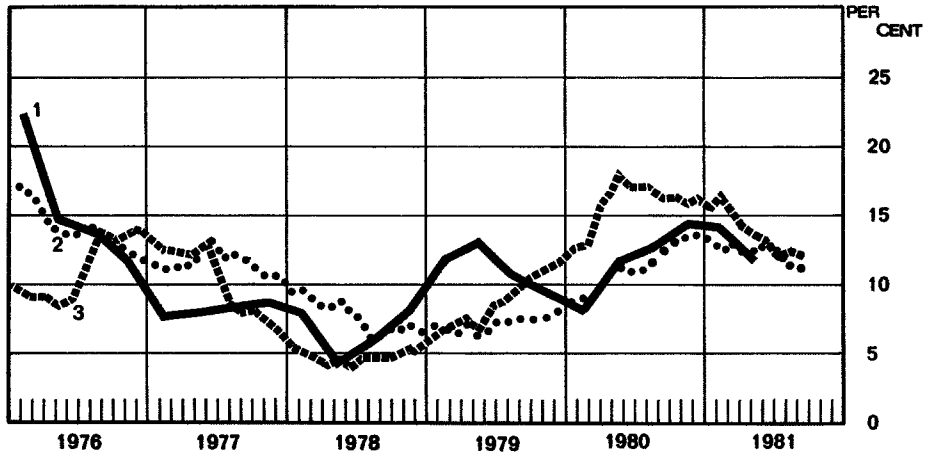
FOREIGN TRADE, 1976-81

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



PRICES AND WAGES, 1976-81

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



PRODUCTION, 1976-81

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

