



# BANK OF FINLAND

*Monthly Bulletin*

**The budget proposal for 1983**

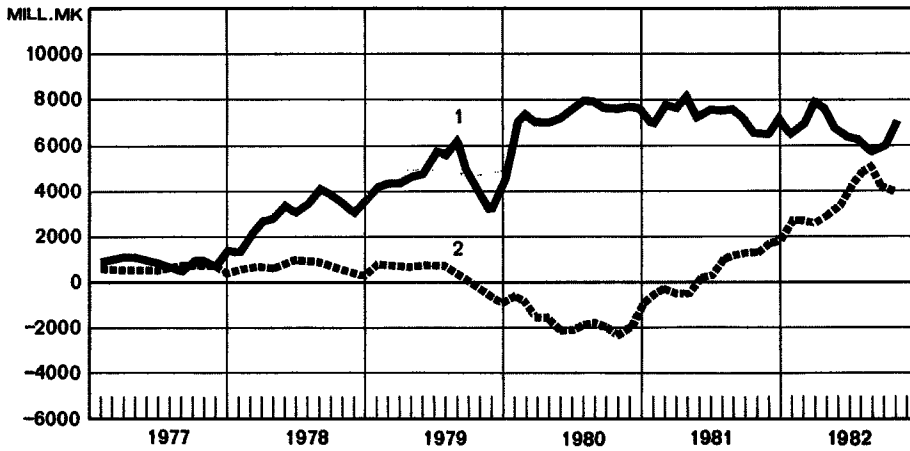
**Structural changes in investment  
and the capital stock**

**Finland's balance of payments  
January—September 1982**

**DECEMBER 1982**

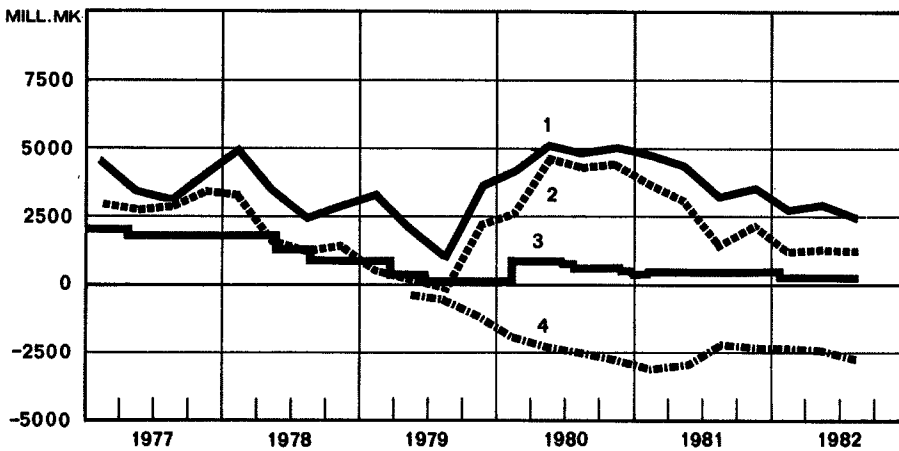
**Vol. 56 No. 12**

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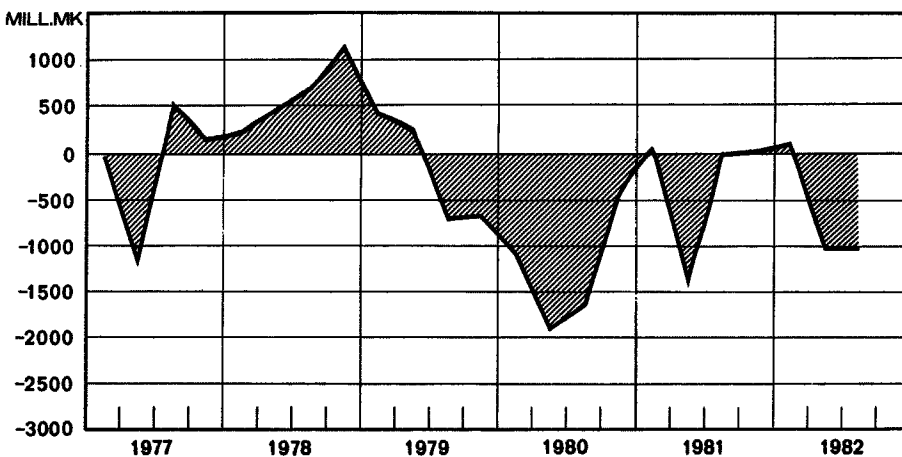
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# THE BUDGET PROPOSAL FOR 1983

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

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The government submitted the budget proposal for 1983 to parliament in September, much of the preparatory work having been carried out during the spring and summer. The budget proposal was formulated on the assumption that an upturn in international demand in early 1983 would generate an export-led recovery in the Finnish economy. GDP was forecast to grow by 1 per cent in 1982 and by 2.5 per cent in 1983. It was, however, recognized that there was a high degree of uncertainty concerning the international recovery as regards both its timing and extent.

The key objective for economic policy, as stated in the budget proposal, was to first halt and then reverse the deterioration of price competitiveness through a combination of anti-inflationary fiscal and incomes policies. It noted that, should the international upturn be delayed, it would be even more important to achieve adequate competitiveness to ensure satisfactory growth and employment conditions in Finland.

During the autumn, the prospects for international recovery weakened, implying a somewhat gloomier outlook for the Finnish economy in 1983. Moreover, the competitive position of the country was altered as a result of exchange rate changes in the Scandinavian countries, including a major devaluation of the Swedish krona in October. The probable course of economic development in 1983 now seemed noticeably different from that envisaged in the budget proposal and a reassessment of the economic policy stance was therefore called for. Finland followed Sweden's devaluation with a moderate devaluation of the mark and in addition the govern-

ment put together a package of measures designed to enhance the prerequisites for productive activity.

## ORDINARY BUDGET PROPOSAL FOR 1983

The rising trend in the central government debt and the goal of maintaining room for manoeuvre in fiscal policy have imparted a fairly cautious tone to the budget proposal for 1983. Although in real terms the planned growth of central government expenditure is less than in the budget proposal for 1982, the limited increase in public charges and the, by and large, unchanged tax ratio offer more scope for growth in the private sector. Thus, the overall impact of the budget proposal for 1983 on domestic demand and growth can be considered neutral.

As in previous years, personal income and wealth tax scales are to be adjusted for inflation, this time by 9 per cent. In addition the sales tax concessions on investments were extended. Increases in public charges amount to only 5 per cent. In contrast, the improvement in social security benefits is to be continued. Partly because of increased redemptions, the central government gross borrowing requirement was estimated to grow by more than 2 billion marks on the previous year to reach about 9 billion, 14 per cent of budgeted revenue. The net borrowing requirement was expected to total about 6 billion, equivalent to 2.3 per cent of GDP.

Budgeted state expenditure in the ordinary budget proposal for 1983 totals 72 billion

marks, 11 per cent more than in 1982. Adjusted for inflation, however, the growth in real terms is minimal. The growth of both expenditures and receipts has been reduced slightly by the introduction of net accounting methods in the treatment of some subsidies and sales tax on certain agricultural products. The share of consumption expenditure accounts for 28 per cent, transfers 52 per cent and investment about 12 per cent, the rest — some 6 billion marks — going to interest payments and redemptions of central government debt.

Both consumption and investment expenditures are estimated to grow by 13 per cent in nominal terms. Transfer expenditures are set to grow by only 7 per cent by value, but the technical change in accounting noted above has reduced the growth of this item by some 5 percentage points. Even though the expenditure side of the budget proposal can be characterized as restrained, there are certain areas of emphasis where outlays are planned to grow notably in real terms as well. Special measures designed to promote employment, such as vocational training and appropriations for the employment of young people, will affect more than 90 000 persons, 8 per cent more than a year ago. Outlays for the national health system and education also show above-average growth. Expenditure on foreign aid is set to rise to the equivalent of 0.37 per cent of GDP.

## FISCAL POLICY MEASURES SINCE THE BUDGET PROPOSAL

In October, after the devaluations of the krona and the mark, the government decided upon a broad mix of measures, as a result of which the fiscal policy stance has changed to correspond to the deterioration in the economic outlook. The package includes measures designed to alleviate cost pressures on firms. It was also agreed that in order to promote the conclusion of moderate wage agreements, the government would mitigate the impact of the devaluation on households.

The most important measures affecting the central government budget are as follows: employers' social security contributions are to be lowered by 1.5 percentage points from the beginning of 1983. The decline in the revenue of the Social Insurance Institution is to be offset by transfers from the central government. The sales tax on investment in machinery and equipment in the manufacturing industry is to be lowered permanently from 66 to 20 per cent of the standard rate, and the temporary exemption from sales tax on investment in buildings in the manufacturing industry is to be made permanent.<sup>1</sup> Energy-intensive industry has been granted concessions in the excise tax on electricity. The standard rate of sales tax will be increased by 2 percentage points to 16 per cent from 1st June, 1983.

The net increase in central government expenditure resulting from these measures is expected to reach some 0.7 billion marks in 1983. Moreover, the weaker cyclical position will adversely affect the financial position of the central government. The larger deficit will be financed by increased borrowing both at home and abroad. So as to alleviate some of the adverse effects of the devaluation on households, in November the government submitted proposals to parliament for measures providing increased support for families.

These measures will shift the overall impact of central government operations on demand in an expansionary direction in 1983. Together with higher debt servicing costs caused by the devaluation and the automatic effects of the weaker cyclical developments they are likely to raise the gross borrowing requirement in cash terms to some 11—12 billion marks. The gross tax ratio will be lowered to about 36.0 per cent from 36.5 per cent in 1982. The net tax ratio will also be somewhat lower than in 1982. The growth in the volume of cash outlays is expected to accelerate to some extent on account of these measures.

<sup>1</sup> Unlike many other countries, Finland does not have a value-added tax system and investments have been subject to indirect taxation.

(continued on page 35)

## BANK OF FINLAND

Mill. mk

|   | 1981    |         | 1982   |         |         |         |        |
|---|---------|---------|--------|---------|---------|---------|--------|
|   | Nov. 30 | Dec. 31 | Nov. 8 | Nov. 15 | Nov. 23 | Nov. 30 |        |
| <b>Assets</b>                             |         |         |        |         |         |         |        |
| Gold and foreign exchange receivables     | 8 613   | 9 463   | 11 663 | 10 739  | 11 292  | 10 735  |        |
| Gold                                      | 1 075   | 1 382   | 1 382  | 1 382   | 1 382   | 1 382   |        |
| Special drawing rights                    | 635     | 632     | 531    | 531     | 531     | 531     |        |
| IMF reserve tranche                       | 380     | 394     | 397    | 397     | 397     | 397     |        |
| Foreign bonds                             | 1 498   | 1 405   | 707    | 743     | 748     | 752     |        |
| Convertible currencies                    | 3 093   | 3 686   | 4 542  | 4 358   | 5 218   | 4 966   |        |
| Tied currencies                           | 1 932   | 1 964   | 4 104  | 3 328   | 3 016   | 2 707   |        |
| Other foreign receivables                 | 1 632   | 1 606   | 1 615  | 2 675   | 2 679   | 2 675   |        |
| Mark subscription to Finland's IMF quota  | 1 632   | 1 606   | 1 615  | 1 615   | 1 615   | 1 615   |        |
| Term receivables                          | —       | —       | —      | 1 060   | 1 064   | 1 060   |        |
| Receivables from financial institutions   | 5 282   | 3 690   | 6 065  | 6 992   | 5 615   | 6 162   |        |
| Banks' cheque accounts                    | 607     | 495     | 427    | 388     | 435     | 316     |        |
| Call money market advances                | 3 218   | 1 796   | 3 756  | 4 644   | 3 250   | 3 902   |        |
| Till-money credits                        | 723     | 768     | 898    | 877     | 845     | 857     |        |
| Bonds                                     | 689     | 594     | 917    | 1 011   | 1 012   | 1 014   |        |
| Other financial institution receivables   | 45      | 37      | 67     | 72      | 73      | 73      |        |
| Receivables from the public sector        | 1 196   | 1 236   | 971    | 966     | 971     | 978     |        |
| Government promissory notes               | 354     | 354     | —      | —       | —       | —       |        |
| Bonds                                     | 360     | 386     | 405    | 409     | 415     | 420     |        |
| Total coinage                             | 481     | 483     | 552    | 554     | 554     | 556     |        |
| Other public sector receivables           | 1       | 13      | 14     | 3       | 2       | 2       |        |
| Receivables from corporations             | 4 130   | 4 549   | 5 059  | 5 072   | 5 078   | 5 098   |        |
| Financing of exports                      | 1 733   | 1 754   | 1 882  | 1 902   | 1 907   | 1 921   |        |
| Financing of domestic deliveries          | 2 096   | 2 111   | 2 475  | 2 469   | 2 476   | 2 483   |        |
| Bonds                                     | 188     | 187     | 166    | 166     | 166     | 164     |        |
| Other corporate receivables               | 113     | 497     | 536    | 535     | 529     | 530     |        |
| Other assets                              | 88      | 89      | 97     | 97      | 97      | 98      |        |
|   | Total   | 20 941  | 20 633 | 25 470  | 26 541  | 25 732  | 25 746 |
| <b>Liabilities</b>                        |         |         |        |         |         |         |        |
| Foreign exchange liabilities              | 82      | 96      | 27     | 31      | 27      | 30      |        |
| Convertible accounts                      | 28      | 41      | 27     | 23      | 20      | 20      |        |
| Tied accounts                             | 54      | 55      | 0      | 8       | 7       | 10      |        |
| Other foreign liabilities                 | 2 602   | 2 597   | 6 036  | 6 037   | 6 017   | 5 970   |        |
| IMF mark accounts                         | 1 906   | 1 871   | 1 689  | 1 689   | 1 689   | 1 689   |        |
| Allocations of special drawing rights     | 696     | 726     | 726    | 726     | 726     | 726     |        |
| Term liabilities                          | —       | —       | 3 621  | 3 622   | 3 602   | 3 555   |        |
| Notes and coins in circulation            | 5 201   | 5 595   | 5 595  | 5 626   | 5 542   | 5 663   |        |
| Notes                                     | 4 774   | 5 152   | 5 123  | 5 153   | 5 068   | 5 188   |        |
| Coins                                     | 427     | 443     | 472    | 473     | 474     | 475     |        |
| Deposit certificates in circulation       | 1 550   | 1 600   | 1 750  | 3 100   | 2 800   | 2 800   |        |
| Claims of financial institutions          | 4 137   | 3 797   | 4 107  | 3 755   | 3 369   | 3 387   |        |
| Banks' cheque accounts                    | 0       | 0       | 3      | 15      | 1       | 5       |        |
| Call money market deposits                | 1 430   | 1 080   | 775    | 410     | 11      | —       |        |
| Cash reserve deposits                     | 2 476   | 2 492   | 3 105  | 3 093   | 3 093   | 3 128   |        |
| Capital import deposits                   | 183     | 201     | 199    | 200     | 234     | 214     |        |
| Other financial institution claims        | 48      | 24      | 25     | 37      | 30      | 40      |        |
| Claims of the public sector               | 699     | 578     | 113    | 112     | 113     | 50      |        |
| Cheque accounts                           | 1       | 1       | 1      | 0       | 1       | 1       |        |
| Counter-cyclical reserves                 | 545     | 433     | 64     | 64      | 64      | —       |        |
| Counter-cyclical deposits                 | 145     | 143     | —      | —       | —       | —       |        |
| Capital import deposits                   | —       | —       | 48     | 48      | 48      | 49      |        |
| Other public sector claims                | 8       | 1       | 0      | 0       | 0       | 0       |        |
| Claims of corporations                    | 1 425   | 1 433   | 1 678  | 1 678   | 1 682   | 1 667   |        |
| Deposits for investment and ship purchase | 1 415   | 1 425   | 1 465  | 1 459   | 1 456   | 1 441   |        |
| Capital import deposits                   | —       | —       | 204    | 210     | 217     | 218     |        |
| Export deposits                           | 1       | 0       | —      | —       | —       | —       |        |
| Other corporate claims                    | 9       | 8       | 9      | 9       | 9       | 8       |        |
| Other liabilities                         | 15      | 15      | 19     | 14      | 16      | 16      |        |
| Equalization accounts                     | 2 696   | 609     | 1 790  | 1 813   | 1 766   | 1 738   |        |
| Capital accounts                          | 2 534   | 4 313   | 4 355  | 4 375   | 4 400   | 4 425   |        |
| Primary capital                           | 1 400   | 3 000   | 3 000  | 3 000   | 3 000   | 3 000   |        |
| Reserve fund                              | 750     | 750     | 1 032  | 1 032   | 1 032   | 1 032   |        |
| Undisposed profits                        | —       | —       | —      | —       | —       | —       |        |
| Net earnings                              | 384     | 563     | 323    | 343     | 368     | 393     |        |
|   | Total   | 20 941  | 20 633 | 25 470  | 26 541  | 25 732  | 25 746 |

| End of year or month | Foreign sector                 |               |                             |                                    |                      |                        |                         | Public sector |             |                       |                                     |
|----------------------|--------------------------------|---------------|-----------------------------|------------------------------------|----------------------|------------------------|-------------------------|---------------|-------------|-----------------------|-------------------------------------|
|                      | Gold SDRs, 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                                  |
| 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                               |
| 1981                 | 2 408                          | 1 405         | 3 645                       | 7 458                              | 1 909                | -991                   | 8 376                   | 1 236         | 578         | -658                  | 1 600                               |
| 1981                 |                                |               |                             |                                    |                      |                        |                         |               |             |                       |                                     |
| Nov.                 | 2 090                          | 1 498         | 3 065                       | 6 653                              | 1 878                | -970                   | 7 561                   | 1 196         | 699         | -497                  | 1 550                               |
| Dec.                 | 2 408                          | 1 405         | 3 645                       | 7 458                              | 1 909                | -991                   | 8 376                   | 1 236         | 578         | -658                  | 1 600                               |
| 1982                 |                                |               |                             |                                    |                      |                        |                         |               |             |                       |                                     |
| Jan.                 | 2 408                          | 1 381         | 2 828                       | 6 617                              | 2 832                | -991                   | 8 458                   | 1 262         | 434         | -828                  | 1 000                               |
| Feb.                 | 2 371                          | 1 096         | 3 617                       | 7 084                              | 2 860                | -1 638                 | 8 306                   | 970           | 435         | -535                  | 400                                 |
| March                | 2 343                          | 1 125         | 4 597                       | 8 065                              | 2 718                | -1 627                 | 9 156                   | 971           | 211         | -760                  | 2 300                               |
| April                | 2 343                          | 1 117         | 4 267                       | 7 727                              | 3 084                | -1 612                 | 9 199                   | 965           | 195         | -770                  | 2 150                               |
| May                  | 2 305                          | 1 064         | 3 498                       | 6 867                              | 3 456                | -1 581                 | 8 742                   | 964           | 171         | -793                  | 2 000                               |
| June                 | 2 286                          | 910           | 3 335                       | 6 531                              | 4 314                | -1 583                 | 9 262                   | 977           | 143         | -834                  | 2 200                               |
| July                 | 2 286                          | 899           | 3 280                       | 6 465                              | 4 909                | -1 583                 | 9 791                   | 987           | 163         | -824                  | 2 000                               |
| Aug.                 | 2 348                          | 851           | 2 657                       | 5 856                              | 5 207                | -1 555                 | 9 508                   | 985           | 147         | -838                  | 1 600                               |
| Sept.                | 2 348                          | 857           | 2 920                       | 6 125                              | 4 306                | -2 537                 | 7 894                   | 973           | 107         | -866                  | 2 000                               |
| Oct.                 | 2 348                          | 709           | 4 042                       | 7 099                              | 4 128                | -4 427                 | 6 800                   | 986           | 112         | -874                  | 2 000                               |
| Nov.                 | 2 310                          | 752           | 4 946                       | 8 008                              | 2 697                | -3 295                 | 7 410                   | 978           | 50          | -928                  | 2 800                               |

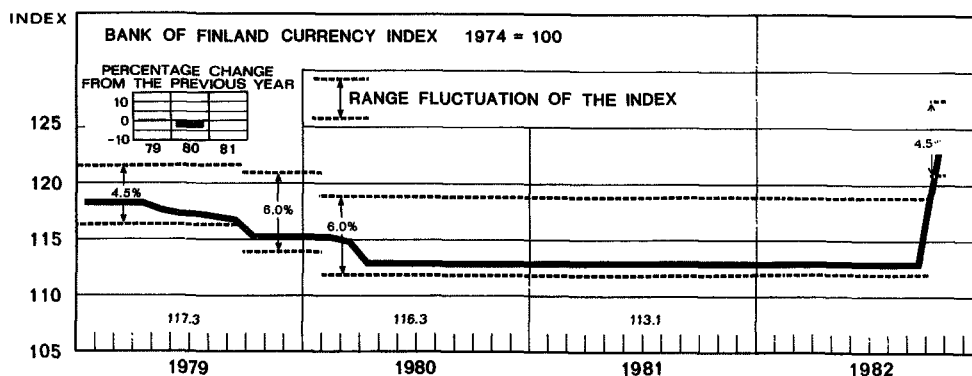
## FOREIGN EXCHANGE POSITION

Mill. mk

|                        | Net holdings, Dec. 31, 1981 |        |        | Net holdings Oct. 29, 1982 |        |        | Change |           |
|------------------------|-----------------------------|--------|--------|----------------------------|--------|--------|--------|-----------|
|                        | Bank of Finland             | Other  | Total  | Bank of Finland            | Other  | Total  | Oct.   | Jan.-Oct. |
|                        | Gold                        | 1 382  | —      | 1 382                      | 1 382  | —      | 1 382  | —         |
| Special drawing rights | 632                         | —      | 632    | 569                        | —      | 569    | —      | -63       |
| IMF reserve tranche    | 394                         | —      | 394    | 397                        | —      | 397    | —      | +3        |
| Foreign bonds          | 1 405                       | —      | 1 405  | 709                        | —      | 709    | -148   | -696      |
| Convertible currencies | 3 646                       | -7 748 | -4 102 | 4 042                      | -6 740 | -2 698 | +396   | +1 404    |
| Total                  | 7 459                       | -7 748 | -289   | 7 099                      | -6 740 | 359    | +248   | +648      |
| Tied currencies        | 1 909                       | -122   | 1 787  | 4 128                      | -206   | 3 922  | -183   | +2 135    |
| Grand total            | 9 368                       | -7 870 | 1 498  | 11 227                     | -6 946 | 4 281  | +65    | +2 783    |



| End of year or month | Domestic financial sector         |                                 |  |                                       |                       |                        | Corporate sector              |                                     |                 |                       | Notes and coins in circulation |
|----------------------|-----------------------------------|---------------------------------|--|---------------------------------------|-----------------------|------------------------|-------------------------------|-------------------------------------|-----------------|-----------------------|--------------------------------|
|                      | Discounted and rediscounted bills | Cheque account receivables, net | Demand for call money by deposit banks | Supply of call money by deposit banks | Cash reserve deposits | Other liabilities, net | Net receivables (1+2+3-4-5-6) | Permanent special financing schemes | Liabilities net | Net receivables (8-9) |                                |
|                      | 1                                 | 2                               | 3                                      | 4                                     | 5                     | 6                      | 7                             | 8                                   | 9               | 10                    | 11                             |
| 1976                 | 2 920                             | 172                             | 1 204                                  | 1 137                                 | —                     | -372                   | 3 531                         | 1 400                               | 308             | 1 092                 | 2 886                          |
| 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                          |
| 1981                 | —                                 | 495                             | 1 796                                  | 1 080                                 | 2 492                 | -1 174                 | -107                          | 3 865                               | 749             | 3 116                 | 5 595                          |
| 1981                 |                                   |                                 |  |                                       |                       |                        |                               |                                     |                 |                       |                                |
| Nov.                 | —                                 | 607                             | 3 218                                  | 1 430                                 | 2 476                 | -1 226                 | 1 145                         | 3 829                               | 1 124           | 2 705                 | 5 201                          |
| Dec.                 | —                                 | 495                             | 1 796                                  | 1 080                                 | 2 492                 | -1 174                 | -107                          | 3 865                               | 749             | 3 116                 | 5 595                          |
| 1982                 |                                   |                                 |  |                                       |                       |                        |                               |                                     |                 |                       |                                |
| Jan.                 | —                                 | 521                             | 979                                    | 1 380                                 | 2 605                 | -1 119                 | -1 366                        | 3 927                               | 703             | 3 224                 | 5 257                          |
| Feb.                 | —                                 | 388                             | 1 972                                  | 2 020                                 | 2 638                 | -1 071                 | -1 227                        | 3 928                               | 868             | 3 060                 | 5 272                          |
| March                | —                                 | 379                             | 2 032                                  | 1 590                                 | 2 644                 | -1 161                 | -662                          | 3 989                               | 719             | 3 270                 | 5 175                          |
| April                | —                                 | 305                             | 2 069                                  | 1 600                                 | 2 644                 | -1 360                 | -510                          | 3 955                               | 752             | 3 203                 | 5 383                          |
| May                  | —                                 | 511                             | 1 888                                  | 1 420                                 | 2 707                 | -1 510                 | -218                          | 4 058                               | 684             | 3 374                 | 5 534                          |
| June                 | —                                 | 429                             | 2 006                                  | 1 640                                 | 2 732                 | -1 568                 | -369                          | 4 118                               | 929             | 3 189                 | 5 752                          |
| July                 | —                                 | 290                             | 1 223                                  | 1 042                                 | 2 777                 | -1 467                 | -839                          | 4 084                               | 1 136           | 2 948                 | 5 706                          |
| Aug.                 | —                                 | 435                             | 929                                    | 1 260                                 | 2 783                 | -1 461                 | -1 218                        | 4 117                               | 983             | 3 134                 | 5 557                          |
| Sept.                | —                                 | 351                             | 2 409                                  | 290                                   | 3 095                 | -1 537                 | 912                           | 4 156                               | 982             | 3 174                 | 5 616                          |
| Oct.                 | —                                 | 328                             | 3 867                                  | 39                                    | 3 105                 | -1 530                 | 2 581                         | 4 415                               | 977             | 3 438                 | 5 670                          |
| Nov.                 | —                                 | 311                             | 3 902                                  | —                                     | 3 128                 | -1 690                 | -2 775                        | 4 404                               | 973             | 3 431                 | 5 663                          |



# 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 <sup>1</sup> % |
|--------------------|---|--|--|---|--|---|-------------|----------------------------|---|---|
|                    | 1   | 2  | 3  | 4   | 5  | 6   | 7           | 8                          | 9   | 10  |
| 1975               | 4 000   | 3 611  | 2 725  | —   | —  | 239 <sup>2</sup>  | 9.25        | 26.80 <sup>2</sup>         | 12.10                                     | 9.65  |
| 1976               | 4 001   | 3 345  | 2 400  | —   | —  | 79  | 9.25        | 18.40                      | 12.38                                     | 9.69  |
| 1977               | 3 914   | 3 094  | 1 967  | —   | —  | 149   | 9.00        | 17.20                      | 11.82                                     | 9.54  |
| 1978               | 3 573   | 2 070  | 1 475  | —   | —  | 90  | 7.58        | 11.99                      | 8.88                                      | 8.22  |
| 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  |
| 1981               | 4 087   | 2 754  | 595  | 2 795   | 2 442  | 2 161   | 9.25        | 11.48                      | 11.61                                     | 9.84  |

1981

|      |       |       |     |       |       |       |      |       |       |      |
|------|-------|-------|-----|-------|-------|-------|------|-------|-------|------|
| Nov. | 3 533 | 2 092 | 600 | 2 465 | 2 157 | 1 494 | 9.25 | 11.50 | 11.26 | 9.82 |
| Dec. | 3 941 | 2 850 | 600 | 2 473 | 2 164 | 2 253 | 9.25 | 11.30 | 11.74 | 9.84 |

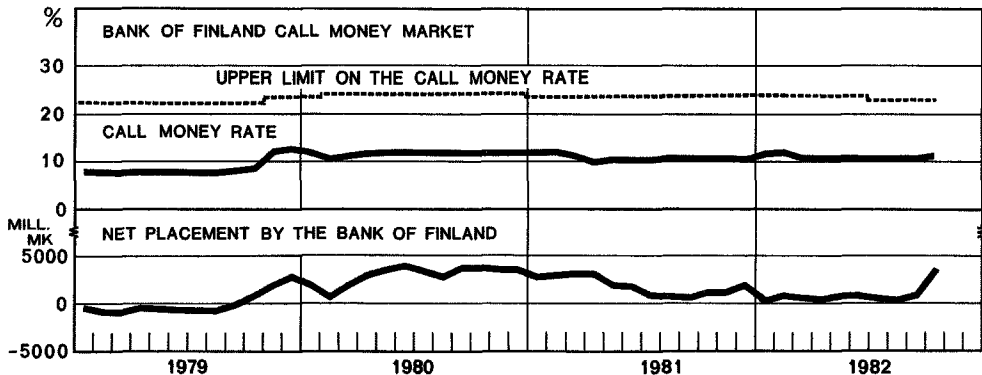
1982

|       |       |       |     |       |       |       |      |       |       |      |
|-------|-------|-------|-----|-------|-------|-------|------|-------|-------|------|
| Jan.  | 2 526 | 1 163 | 600 | 2 502 | 2 194 | 567   | 9.25 | 12.30 | 10.90 | 9.84 |
| Feb.  | 2 760 | 1 518 | 400 | 2 603 | 2 286 | 1 121 | 9.25 | 12.45 | 11.95 | 9.84 |
| March | 3 059 | 1 305 | 400 | 2 630 | 2 290 | 906   | 9.25 | 11.56 | 11.72 | 9.79 |
| April | 3 049 | 1 062 | 400 | 2 637 | 2 299 | 664   | 9.25 | 11.50 | 11.51 | 9.78 |
| May   | 2 908 | 1 429 | 400 | 2 645 | 2 313 | 1 034 | 9.25 | 11.50 | 11.64 | 9.77 |
| June  | 3 090 | 1 528 | 400 | 2 706 | 2 356 | 1 134 | 8.50 | 11.50 | 11.42 | 9.06 |
| July  | 2 684 | 1 213 | 400 | 2 731 | 2 386 | 814   | 8.50 | 11.50 | 11.09 | 9.04 |
| Aug.  | 2 312 | 1 010 | 400 | 2 771 | 2 418 | 611   | 8.50 | 11.50 | 10.63 | 8.99 |
| Sept. | 2 703 | 1 597 | 400 | 2 794 | 2 439 | 1 198 | 8.50 | 11.45 | 11.25 | 8.97 |
| Oct.  | 4 412 | 4 148 | 400 | 3 091 | 2 699 | 3 750 | 8.50 | 11.70 | 13.08 | ..   |
| Nov.  | 4 247 | 4 088 | 400 | 3 100 | 2 714 | 3 690 | 8.50 | 11.50 | ..    | ..   |

See explanations on page 24

<sup>1</sup> End of period

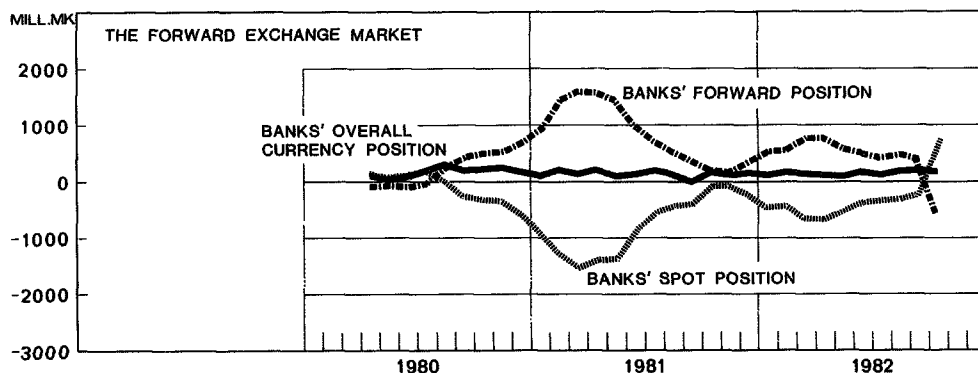
<sup>2</sup> 1. 9.—31. 12. 1975.



# FORWARD EXCHANGE MARKETS IN FINLAND

| Period | Banks' Forward Positions in mill. mk with |             |         |               |                 |         | Banks' Forward Selling Rates for USD         |          |          |
|--------|---|-------------|---------|---------------|-----------------|---------|--|----------|----------|
|        | Domestic Firms                            |             |         | Foreign Banks | Bank of Finland | Overall | Deviation from spot rate, per cent per annum |          |          |
|        | Assets                                    | Liabilities | Net     | Net           | Net             | Net     | 1 month                                      | 3 months | 6 months |
|        | 1   | 2           | 3       | 4             | 5               | 6       | 7  | 8        | 9        |
| 1981   | 5 183.0                                   | 1 619.8     | 3 563.2 | -581.0        | -2 346.3        | 583.5   | -4.4   | -4.1     | -3.6     |
| 1981   |   |             |         |               |                 |         |  |          |          |
| April  | 3 583.1                                   | 1 120.5     | 2 462.6 | -272.7        | -589.3          | 1 507.5 | -4.9   | -4.9     | -4.4     |
| May    | 3 639.6                                   | 1 345.6     | 2 294.0 | -288.0        | -895.1          | 1 212.6 | -8.2   | -8.2     | -6.9     |
| June   | 3 536.1                                   | 1 464.8     | 2 071.3 | -400.1        | -872.8          | 760.8   | -7.6   | -6.5     | -5.5     |
| July   | 3 481.8                                   | 1 609.9     | 1 871.9 | -352.4        | -883.7          | 686.1   | -5.6   | -5.0     | -3.9     |
| Aug.   | 3 637.9                                   | 1 493.6     | 2 144.4 | -473.2        | -1 171.7        | 424.6   | -6.3   | -5.7     | -5.2     |
| Sept.  | 5 012.2                                   | 1 905.0     | 3 107.2 | -546.0        | -2 030.9        | 380.9   | -4.1   | -4.6     | -4.4     |
| Oct.   | 4 776.6                                   | 1 847.5     | 2 929.1 | -723.4        | -1 812.7        | 301.7   | -2.2   | -2.2     | -2.5     |
| Nov.   | 5 267.6                                   | 1 788.5     | 3 479.2 | -698.6        | -2 424.4        | 291.7   | -0.8   | -0.7     | -0.7     |
| Dec.   | 5 183.0                                   | 1 619.8     | 3 563.2 | -581.0        | -2 346.3        | 583.5   | 0.1  | 0.3      | -0.1     |
| 1982   |   |             |         |               |                 |         |  |          |          |
| Jan.   | 4 984.2                                   | 1 581.2     | 3 402.9 | -666.0        | -2 242.9        | 607.4   | -1.3   | -0.7     | -1.0     |
| Feb.   | 5 054.0                                   | 1 666.4     | 3 387.6 | -660.0        | -2 081.1        | 666.8   | -2.6   | -2.3     | -2.4     |
| March  | 5 596.8                                   | 1 693.5     | 3 903.3 | -522.1        | -2 262.1        | 1 292.4 | -1.3   | -1.5     | -1.7     |
| April  | 5 936.4                                   | 1 596.8     | 4 339.6 | -671.8        | -2 879.4        | 666.5   | -1.9   | -1.9     | -2.0     |
| May    | 6 035.1                                   | 1 950.0     | 4 085.1 | -486.4        | -2 953.6        | 559.9   | -1.3   | -1.1     | -1.1     |
| June   | 5 942.0                                   | 1 703.4     | 4 238.6 | -704.5        | -2 797.7        | 637.3   | -1.7   | -1.7     | -1.6     |
| July   | 5 781.5                                   | 1 653.2     | 4 128.3 | -871.0        | -3 004.6        | 322.1   | -0.6   | -0.9     | -1.3     |
| Aug.   | 7 045.1                                   | 1 679.3     | 5 365.8 | -854.4        | -4 114.5        | 309.8   | 2.4  | 1.8      | 1.0      |
| Sept.  | 6 618.6                                   | 2 282.4     | 4 336.1 | -711.3        | -3 947.8        | -306.9  | 2.6  | 2.6      | 2.3      |
| Oct.   | 6 898.2                                   | 2 557.1     | 4 341.1 | -805.2        | -3 937.2        | -395.9  | 4.0  | 4.1      | 4.0      |

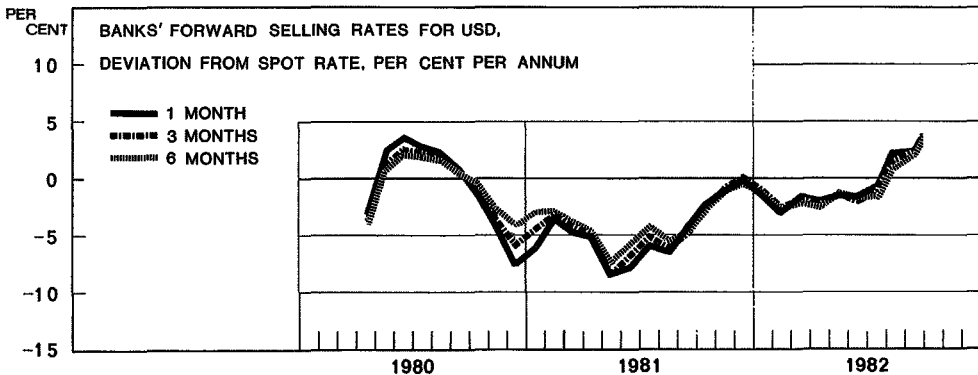
See explanations on page 24.



# FOREIGN EXCHANGE RATES

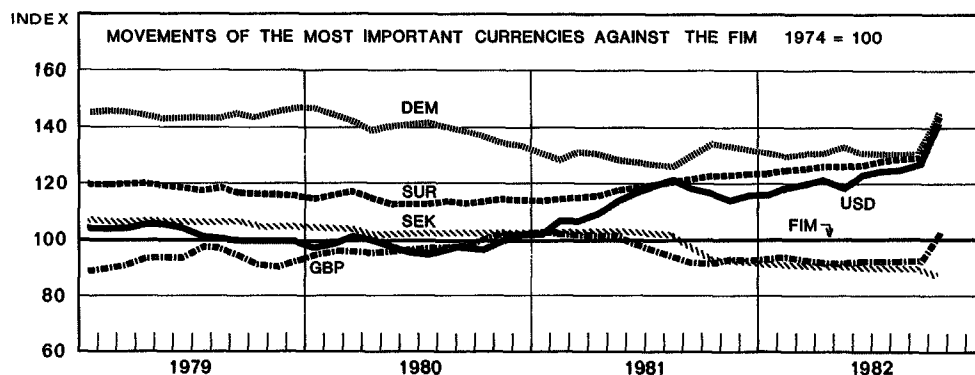
Average selling rates for foreign exchange, mk

| Period | New York<br>1 US \$<br>USD | Montreal<br>1 C \$<br>CAD | London<br>1 £<br>GBP | Dublin<br>1 Ir£<br>IEP | Stockholm<br>100 Skr<br>SEK | Oslo<br>100 Nkr<br>NOK | Copenhagen<br>100 Dkr<br>DKK | Frankfurt<br>100 DM<br>DEM | Amsterdam<br>100 Hfl<br>NLG | Brussels<br>100 FB<br>BEC | BEL    |
|--------|----------------------------|---------------------------|----------------------|------------------------|-----------------------------|------------------------|------------------------------|----------------------------|-----------------------------|---------------------------|--------|
|        | 1                          | 2                         | 3                    | 4                      | 5                           | 6                      | 7                            | 8                          | 9                           | 10                        | 11     |
| 1975   | 3.679                      | 3.618                     | 8.155                |                        | 88.80                       | 70.59                  | 64.21                        | 149.80                     | 145.73                      | 10.033                    | 9.764  |
| 1976   | 3.864                      | 3.922                     | 6.983                |                        | 88.86                       | 70.95                  | 64.04                        | 153.78                     | 146.42                      | 10.030                    | 9.812  |
| 1977   | 4.029                      | 3.791                     | 7.042                |                        | 90.21                       | 75.83                  | 67.23                        | 174.15                     | 164.59                      | 11.277                    | 11.267 |
| 1978   | 4.117                      | 3.617                     | 7.917                |                        | 91.43                       | 78.93                  | 75.06                        | 205.53                     | 190.77                      | 13.152                    | 12.959 |
| 1979   | 3.896                      | 3.330                     | 8.275                |                        | 91.12                       | 77.22                  | 74.38                        | 212.75                     | 194.43                      | 13.338                    | 12.979 |
| 1980   | 3.730                      | 3.194                     | 8.691                | 7.689                  | 88.43                       | 75.81                  | 66.53                        | 205.58                     | 188.02                      | 12.818                    | 12.635 |
| 1981   | 4.315                      | 3.602                     | 8.731                | 6.976                  | 85.74                       | 75.54                  | 60.96                        | 191.31                     | 173.43                      | 11.688                    | 11.095 |
| 1981   |                            |                           |                      |                        |                             |                        |                              |                            |                             |                           |        |
| Sept.  | 4.504                      | 3.756                     | 8.197                | 6.988                  | 83.48                       | 75.79                  | 61.25                        | 191.31                     | 172.51                      | 11.729                    | 10.762 |
| Oct.   | 4.424                      | 3.682                     | 8.173                | 7.009                  | 80.19                       | 75.19                  | 61.61                        | 196.84                     | 178.23                      | 11.830                    | 10.803 |
| Nov.   | 4.354                      | 3.667                     | 8.301                | 6.959                  | 79.70                       | 75.18                  | 61.11                        | 195.91                     | 178.69                      | 11.714                    | 10.548 |
| Dec.   | 4.375                      | 3.697                     | 8.368                | 6.909                  | 79.24                       | 75.96                  | 60.07                        | 194.01                     | 177.21                      | 11.498                    | 10.258 |
| 1982   |                            |                           |                      |                        |                             |                        |                              |                            |                             |                           |        |
| Jan.   | 4.409                      | 3.701                     | 8.339                | 6.824                  | 78.84                       | 75.55                  | 59.24                        | 192.69                     | 175.83                      | 11.361                    | 10.214 |
| Feb.   | 4.515                      | 3.726                     | 8.352                | 6.739                  | 78.49                       | 75.76                  | 58.02                        | 191.07                     | 174.23                      | 11.024                    | 10.014 |
| March  | 4.574                      | 3.751                     | 8.275                | 6.751                  | 78.51                       | 76.01                  | 57.01                        | 192.48                     | 174.93                      | 10.334                    | 9.346  |
| April  | 4.613                      | 3.772                     | 8.179                | 6.675                  | 78.12                       | 75.94                  | 56.66                        | 192.74                     | 173.74                      | 10.214                    | 9.228  |
| May    | 4.512                      | 3.664                     | 8.180                | 6.767                  | 78.12                       | 75.72                  | 57.60                        | 195.56                     | 176.05                      | 10.361                    | 9.477  |
| June   | 4.678                      | 3.681                     | 8.237                | 6.669                  | 77.88                       | 75.76                  | 56.23                        | 193.17                     | 174.76                      | 10.164                    | 9.271  |
| July   | 4.735                      | 3.729                     | 8.224                | 6.624                  | 77.56                       | 74.65                  | 55.57                        | 192.36                     | 174.14                      | 10.086                    | 9.376  |
| Aug.   | 4.757                      | 3.824                     | 8.225                | 6.618                  | 77.60                       | 71.36                  | 55.20                        | 192.25                     | 174.70                      | 10.050                    | 9.507  |
| Sept.  | 4.806                      | 3.897                     | 8.247                | 6.595                  | 77.34                       | 69.80                  | 54.73                        | 192.36                     | 175.57                      | 9.993                     | 9.602  |
| Oct.   | 5.358                      | 4.362                     | 9.104                | 7.223                  | 75.18                       | 74.80                  | 60.21                        | 212.11                     | 194.50                      | 10.952                    | 10.472 |
| Nov.   | 5.534                      | 4.519                     | 9.045                | 7.371                  | 73.82                       | 76.51                  | 61.85                        | 216.80                     | 198.78                      | 11.168                    | 10.823 |



## Average selling rates for foreign exchange, mk

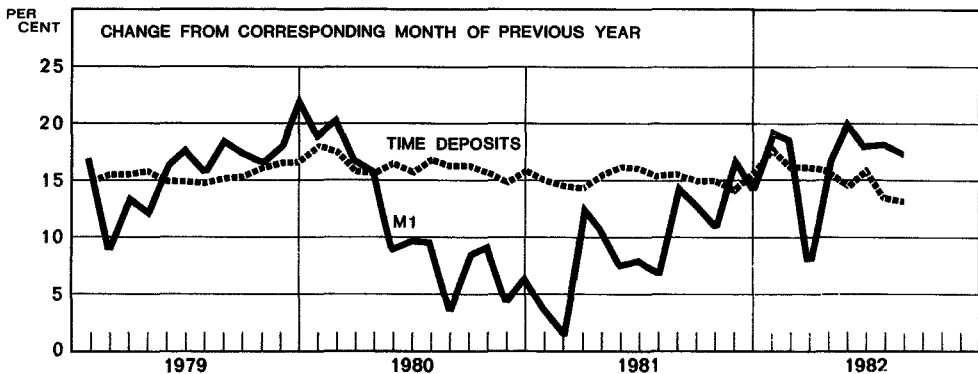
| Zurich<br>100 Sfr<br>CHF | Paris<br>100 FF<br>FRF | Rome<br>100 Lit<br>ITL | Vienna<br>100 ÖS<br>ATS | Lisbon<br>100 Esc<br>PTE | Reykjavik<br>100 lkr<br>ISK | Madrid<br>100 Ptas<br>ESP | Tokyo<br>100 Y<br>JPY | Moscow<br>1 Cl Rbl<br>SUR | I special<br>drawing<br>right<br>SDR | Currency<br>index<br>1974 = 100 |
|--------------------------|------------------------|------------------------|-------------------------|--------------------------|-----------------------------|---------------------------|-----------------------|---------------------------|--------------------------------------|---------------------------------|
| 12                       | 13                     | 14                     | 15                      | 16                       | 17                          | 18                        | 19                    | 20                        | 21                                   | 22                              |
| 142.64                   | 86.00                  | 0.565                  | 21.18                   | 14.52                    | 2.43                        | 6.43                      | 1.244                 | 5.093                     | 4.452 30                             | 101.1                           |
| 154.86                   | 81.09                  | 0.468                  | 21.59                   | 12.89                    | 2.14                        | 5.80                      | 1.307                 | 5.125                     | 4.450 99                             | 99.9                            |
| 168.70                   | 82.16                  | 0.459                  | 24.47                   | 10.65                    | 2.04                        | 5.37                      | 1.512                 | 5.475                     | 4.695 56                             | 106.1                           |
| 231.83                   | 91.77                  | 0.489                  | 28.45                   | 9.55                     | 1.57                        | 5.42                      | 1.983                 | 6.037                     | 5.136 33                             | 117.2                           |
| 234.36                   | 91.88                  | 0.473                  | 29.19                   | 8.13                     | 1.14                        | 5.84                      | 1.797                 | 5.941                     | 5.016 78                             | 117.3                           |
| 222.87                   | 88.65                  | 0.440                  | 28.90                   | 7.60                     | 0.81                        | 5.25                      | 1.662                 | 5.741                     | 4.842 55                             | 113.6                           |
| 220.34                   | 79.92                  | 0.385                  | 27.17                   | 7.17                     | 60.35                       | 4.72                      | 1.967                 | 5.986                     | 5.071 40                             | 113.1                           |
| 222.42                   | 80.18                  | 0.384                  | 27.26                   | 7.04                     | 58.14                       | 4.73                      | 1.972                 | 6.127                     | 5.139 41                             | 113.1                           |
| 234.86                   | 79.05                  | 0.376                  | 28.11                   | 7.02                     | 57.81                       | 4.66                      | 1.922                 | 6.165                     | 5.094 12                             | 113.1                           |
| 244.06                   | 77.98                  | 0.371                  | 27.94                   | 6.93                     | 55.05                       | 4.61                      | 1.959                 | 6.188                     | 5.065 32                             | 113.1                           |
| 241.26                   | 76.96                  | 0.367                  | 27.67                   | 6.87                     | 53.60                       | 4.56                      | 2.010                 | 6.207                     | 5.083 06                             | 113.1                           |
| 239.40                   | 76.09                  | 0.364                  | 27.52                   | 6.79                     | 50.06                       | 4.53                      | 1.974                 | 6.215                     | 5.074 63                             | 113.1                           |
| 239.02                   | 75.25                  | 0.358                  | 27.27                   | 6.58                     | 47.75                       | 4.50                      | 1.922                 | 6.265                     | 5.106 00                             | 113.1                           |
| 242.70                   | 74.70                  | 0.355                  | 27.43                   | 6.53                     | 45.94                       | 4.40                      | 1.904                 | 6.307                     | 5.129 23                             | 113.1                           |
| 235.81                   | 74.09                  | 0.351                  | 27.45                   | 6.42                     | 44.99                       | 4.37                      | 1.896                 | 6.378                     | 5.138 80                             | 113.1                           |
| 231.86                   | 75.17                  | 0.353                  | 27.79                   | 6.44                     | 42.99                       | 4.39                      | 1.910                 | 6.353                     | 5.107 78                             | 113.1                           |
| 225.93                   | 71.66                  | 0.347                  | 27.44                   | 6.07                     | 42.20                       | 4.31                      | 1.870                 | 6.397                     | 5.147 87                             | 113.1                           |
| 226.29                   | 69.30                  | 0.344                  | 27.36                   | 5.66                     | 40.60                       | 4.26                      | 1.862                 | 6.458                     | 5.159 48                             | 113.1                           |
| 226.15                   | 68.97                  | 0.344                  | 27.38                   | 5.59                     | 36.89                       | 4.26                      | 1.844                 | 6.498                     | 5.160 27                             | 113.1                           |
| 225.33                   | 68.26                  | 0.343                  | 27.40                   | 5.53                     | 33.51                       | 4.27                      | 1.834                 | 6.522                     | 5.179 44                             | 113.1                           |
| 247.28                   | 75.17                  | 0.374                  | 30.21                   | 6.02                     | 35.48                       | 4.67                      | 1.983                 | 7.219                     | 5.724 37                             | 122.8                           |
| 252.26                   | 76.87                  | 0.378                  | 30.92                   | 6.07                     | 34.70                       | 4.67                      | 2.096                 | 7.434                     | 5.896 66                             | 125.1                           |



DEPOSITS BY THE PUBLIC

Mill. mk

| End of year and month | Demand deposits  |                              |              |                   | Time deposits    |               |              |              |                   | Total (4+9) |
|-----------------------|------------------|------------------------------|--------------|-------------------|------------------|---------------|--------------|--------------|-------------------|-------------|
|                       | Commercial banks | Savings banks & Co-op. banks | Posti-pankki | All deposit banks | Commercial banks | Savings banks | Co-op. banks | Posti-pankki | All deposit banks |             |
|                       | 1                | 2                            | 3            | 4                 | 5                | 6             | 7            | 8            | 9                 |             |
| 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      |
| 1981                  | 5 791            | 2 879                        | 2 952        | 11 622            | 26 094           | 22 937        | 18 598       | 7 448        | 75 077            | 86 699      |
| 1981                  |                  |                              |              |                   |                  |               |              |              |                   |             |
| May                   | 4 334            | 2 391                        | 3 035        | 9 760             | 23 800           | 21 177        | 16 919       | 6 769        | 68 665            | 78 425      |
| June                  | 5 424            | 2 434                        | 2 956        | 10 814            | 23 803           | 21 451        | 17 094       | 6 863        | 69 211            | 80 025      |
| July                  | 4 728            | 2 577                        | 3 102        | 10 407            | 24 316           | 21 818        | 17 485       | 6 957        | 70 576            | 80 983      |
| Aug.                  | 5 076            | 2 716                        | 3 194        | 10 986            | 24 554           | 22 012        | 17 596       | 7 053        | 71 215            | 82 201      |
| Sept.                 | 5 070            | 2 804                        | 3 226        | 11 100            | 24 239           | 22 056        | 17 723       | 7 058        | 71 076            | 82 176      |
| Oct.                  | 4 964            | 2 689                        | 3 245        | 10 898            | 24 706           | 22 221        | 17 749       | 7 060        | 71 736            | 82 634      |
| Nov.                  | 5 386            | 2 689                        | 3 115        | 11 190            | 24 732           | 22 280        | 17 892       | 7 080        | 71 984            | 83 174      |
| Dec.                  | 5 791            | 2 879                        | 2 952        | 11 622            | 26 094           | 22 937        | 18 598       | 7 448        | 75 077            | 86 699      |
| 1982*                 |                  |                              |              |                   |                  |               |              |              |                   |             |
| Jan.                  | 5 103            | 2 641                        | 3 734        | 11 478            | 26 143           | 24 721        | 18 870       | 7 651        | 77 385            | 88 863      |
| Feb.                  | 4 614            | 2 544                        | 3 527        | 10 685            | 26 472           | 23 673        | 19 275       | 7 779        | 77 199            | 87 884      |
| March                 | 5 156            | 2 617                        | 3 443        | 11 216            | 26 601           | 23 537        | 19 176       | 7 604        | 76 918            | 88 134      |
| April                 | 5 098            | 2 768                        | 4 023        | 11 889            | 27 175           | 23 891        | 19 511       | 7 678        | 78 255            | 90 144      |
| May                   | 5 528            | 2 933                        | 3 593        | 12 054            | 27 129           | 24 095        | 19 700       | 7 961        | 78 885            | 90 939      |
| June                  | 5 992            | 3 208                        | 3 786        | 12 986            | 27 406           | 24 403        | 19 858       | 8 057        | 79 724            | 92 710      |
| July                  | 5 573            | 3 252                        | 3 668        | 12 493            | 27 395           | 24 709        | 20 058       | 8 096        | 80 258            | 92 751      |
| Aug.                  | 5 999            | 3 460                        | 3 682        | 13 141            | 27 329           | 24 895        | 20 213       | 8 324        | 80 761            | 93 902      |



# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

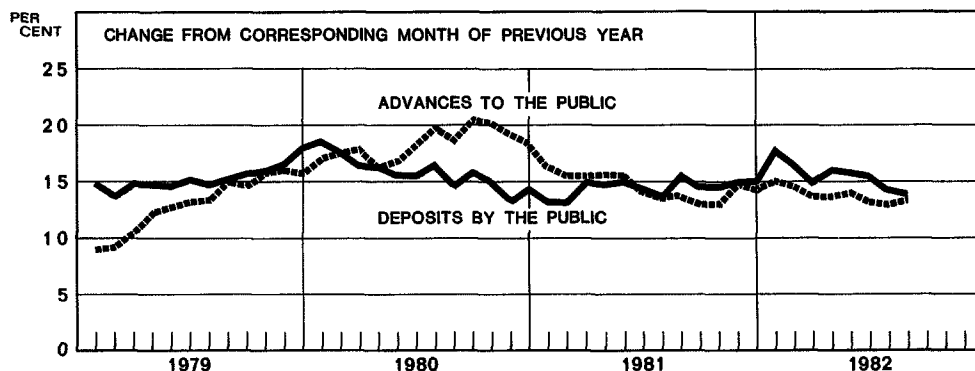
| End of year and month | Advances granted by |               |              |              | Types of advances                  |                |                                      | Total (1 to 4) (5 to 7) | Money Supply   |                             |
|-----------------------|---------------------|---------------|--------------|--------------|------------------------------------|----------------|--------------------------------------|-------------------------|----------------|-----------------------------|
|                       | Commercial banks    | Savings banks | Co-op. banks | Posti-pankki | Loans & bills in domestic currency | Cheque credits | Domestic credits in foreign currency |                         | M <sub>1</sub> | M <sub>1</sub> +Quasi-Money |
|                       | 1                   | 2             | 3            | 4            | 5                                  | 6              | 7                                    |                         | 8              | 9                           |
| 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                      |
| 1981                  | 40 462              | 22 009        | 20 059       | 11 135       | 80 817                             | 2 877          | 9 971                                | 93 665                  | 17 186         | 94 577                      |

1981

|       |        |        |        |        |        |       |       |        |        |        |
|-------|--------|--------|--------|--------|--------|-------|-------|--------|--------|--------|
| 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 |
| Sept. | 39 325 | 21 199 | 19 079 | 10 773 | 77 556 | 3 128 | 9 692 | 90 376 | 16 045 | 89 787 |
| Oct.  | 40 172 | 21 466 | 19 363 | 10 797 | 78 871 | 3 168 | 9 759 | 91 798 | 15 876 | 90 234 |
| Nov.  | 41 040 | 21 732 | 19 730 | 11 129 | 80 208 | 3 495 | 9 928 | 93 631 | 16 128 | 90 514 |
| Dec.  | 40 462 | 22 009 | 20 059 | 11 135 | 80 817 | 2 877 | 9 971 | 93 665 | 17 186 | 94 577 |

1982\*

|       |        |        |        |        |        |       |       |         |        |         |
|-------|--------|--------|--------|--------|--------|-------|-------|---------|--------|---------|
| Jan.  | 40 501 | 22 278 | 20 279 | 11 064 | 81 630 | 3 140 | 9 352 | 94 122  | 17 114 | 95 468  |
| Feb.  | 40 908 | 22 451 | 20 436 | 10 966 | 82 174 | 3 483 | 9 104 | 94 761  | 16 205 | 95 993  |
| March | 41 214 | 22 698 | 20 636 | 10 761 | 82 807 | 3 762 | 8 740 | 95 309  | 16 353 | 95 919  |
| April | 41 818 | 22 974 | 20 916 | 10 835 | 83 816 | 3 821 | 8 906 | 96 543  | 17 340 | 98 004  |
| May   | 42 625 | 23 297 | 21 293 | 10 905 | 85 079 | 3 851 | 9 190 | 98 120  | 17 615 | 98 886  |
| June  | 42 925 | 23 586 | 21 628 | 11 125 | 86 150 | 3 548 | 9 566 | 99 264  | 18 664 | 100 998 |
| July  | 43 078 | 23 861 | 21 935 | 11 290 | 86 835 | 3 763 | 9 566 | 100 164 | 18 339 | 101 351 |
| Aug.  | 43 314 | 24 250 | 22 260 | 11 514 | 88 026 | 3 682 | 9 630 | 101 338 | 18 652 | 102 090 |



## STATE FINANCES

Mill. mk

| Revenue                                      | Jan.-Sept.    |               | Expenditure   | Jan.-Sept.    |               |
|--|---------------|---------------|---|---------------|---------------|
|  | 1981          | 1982          |   | 1981          | 1982          |
| Income and wealth tax (net)                  | 11 655        | 11 330        | Wages, salaries, pensions etc.                            | 6 808         | 7 807         |
| Gross receipts                               | (30 366)      | (31 536)      | Repair and maintenance                                    | 906           | 967           |
| Refunds & local authorities                  | (-18 711)     | (-20 206)     | Other consumption expenditure                             | 3 842         | 4 634         |
| Other taxes on income and wealth             | 206           | 276           | <b>Total consumption expenditure</b>                      | <b>11 556</b> | <b>13 408</b> |
| Employers' child allowance payments          | 57            | 1             | State aid to local authorities                            | 8 647         | 9 869         |
| Sales tax                                    | 10 027        | 11 257        | State aid to industries                                   | 6 076         | 6 997         |
| Customs duties and import charges and levies | 1 045         | 1 208         | of which: agric. price subsidies                          | (2 651)       | (3 047)       |
| Excise duties                                | 7 414         | 8 271         | Child allowances  | 1 232         | 1 316         |
| Excise duty on alcoholic beverages           | 2 234         | 2 455         | Share in national pensions and sickness insurance schemes | 409           | 619           |
| Excise duty on tobacco                       | 889           | 1 026         | Other transfer expenditure                                | 5 103         | 5 978         |
| Excise duty on liquid fuel                   | 2 322         | 2 508         | <b>Total transfer expenditure</b>                         | <b>21 467</b> | <b>24 779</b> |
| Other excise duties                          | 1 970         | 2 282         | Machinery and equipment                                   | 1 181         | 1 229         |
| Tax on autom. and motor-cycles               | 1 210         | 1 378         | Construction of buildings                                 | 545           | 594           |
| Stamp duties                                 | 860           | 1 014         | Land and waterway construction                            | 1 443         | 1 617         |
| Special diesel etc. vehicles tax             | 147           | 166           | <b>Total real investment</b>                              | <b>3 169</b>  | <b>3 440</b>  |
| Other taxes and similar revenue              | 933           | 1 035         | Interest on State debt                                    | 1 083         | 1 660         |
| <b>Total taxes</b>                           | <b>33 555</b> | <b>35 936</b> | Net deficit of State enterprises                          | 18            | 32            |
| Miscellaneous revenue                        | 2 505         | 2 857         | Other expenditure   | 23            | 21            |
| Interest, dividends etc.                     | 762           | 1 159         | <b>Total other expenditure</b>                            | <b>1 124</b>  | <b>1 713</b>  |
| Redemptions of loans granted                 | 633           | 723           | Increase in inventories                                   | -165          | -342          |
| <b>Total revenue</b>                         | <b>37 455</b> | <b>40 675</b> | Lending   | 2 460         | 2 906         |
| Foreign borrowing                            | 1 705         | 3 304         | Other financial investment                                | 359           | 437           |
| Domestic borrowing                           | 1 981         | 2 988         | <b>Total expenditure</b>                                  | <b>39 970</b> | <b>46 341</b> |
| <b>Total borrowing</b>                       | <b>3 686</b>  | <b>6 292</b>  | Redemption of foreign loans                               | 313           | 605           |
| <b>Deficit (+) or surplus (-)</b>            | <b>360</b>    | <b>1 656</b>  | Redemption of domestic loans                              | 1 218         | 1 677         |
| <b>Total</b>                                 | <b>41 501</b> | <b>48 623</b> | <b>Total redemptions</b>                                  | <b>1 531</b>  | <b>2 282</b>  |
|  |               |               | <b>Total</b>  | <b>41 501</b> | <b>48 623</b> |

| State debt              | 1979          | 1980          | 1981 <sup>1</sup> | 1982          |               |               |
|-------------------------|---------------|---------------|-------------------|---------------|---------------|---------------|
|                         | Dec.          | Dec.          | Dec.              | Aug.          | Sept.         | Oct.          |
| <b>Foreign debt</b>     | 8 964         | 10 341        | 13 331            | 15 893        | 16 331        | 18 339        |
| Long-term debt          | 6 051         | 7 585         | 8 762             | 9 826         | 9 955         | 10 425        |
| Short-term credit       | 174           | 40            | 9                 | 59            | 62            | 73            |
| <b>Domestic debt</b>    | 6 225         | 7 625         | 8 771             | 9 885         | 10 017        | 10 498        |
| <b>Total State debt</b> | <b>15 189</b> | <b>17 966</b> | <b>22 102</b>     | <b>25 778</b> | <b>26 348</b> | <b>28 836</b> |
| Total debt mill. \$     | 4 061         | 4 642         | 5 052             | 5 419         | 5 482         | 5 382         |

<sup>1</sup> Since December 1981 State debt has been expressed in gross terms. As a result cash assets are no longer deducted from domestic debt; foreign debt is unaffected by the change. The short-term debt of the State Granary is excluded from the figures.



# FOREIGN TRADE

Mill. mk

Value, mill. mk

| Period | Value, mill. mk     |                     |  |
|--------|---------------------|---------------------|--|
|        | Exports<br>f. o. b. | Imports<br>c. i. f. | Surplus of<br>exports (+)<br>or imports<br>(-) |
| 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   |
| 1981   | 60 308              | 61 269              | -961   |

1981

|      |       |       |      |
|------|-------|-------|------|
| Oct. | 5 626 | 5 217 | +409 |
| Nov. | 5 645 | 5 504 | +141 |
| Dec. | 4 944 | 5 712 | -768 |

1982\*

|       |       |       |        |
|-------|-------|-------|--------|
| Jan.  | 5 330 | 5 004 | +326   |
| Feb.  | 5 472 | 4 786 | +686   |
| March | 5 297 | 4 983 | +314   |
| April | 5 079 | 5 379 | -300   |
| May   | 5 118 | 4 918 | +200   |
| June  | 5 417 | 4 982 | +435   |
| July  | 4 285 | 4 851 | -566   |
| Aug.  | 4 261 | 5 463 | -1 202 |
| Sept. | 4 785 | 5 004 | -219   |

Jan.-Sept.

|       |        |        |      |
|-------|--------|--------|------|
| 1981  | 44 093 | 44 836 | -743 |
| 1982* | 45 044 | 45 370 | -326 |

Indices of exports and imports  
1980 = 100

| Period | Volume  |         | Unit value |         | Terms of<br>trade |
|--------|---------|---------|------------|---------|-------------------|
|        | Exports | Imports | Exports    | Imports |                   |
|        | 1976    | 71      | 86         | 65      |                   |
| 1977   | 78      | 79      | 75         | 67      | 113               |
| 1978   | 84      | 75      | 80         | 74      | 108               |
| 1979   | 92      | 89      | 90         | 86      | 105               |
| 1980   | 100     | 100     | 100        | 100     | 100               |
| 1981   | 103     | 94      | 111        | 112     | 99                |

1980

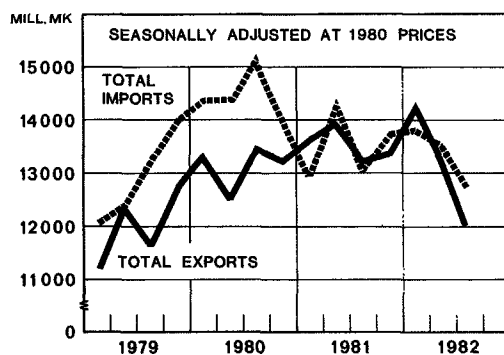
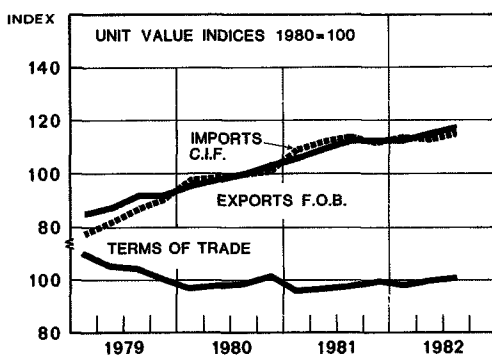
|            |     |     |     |     |     |
|------------|-----|-----|-----|-----|-----|
| Apr.-June  | 95  | 96  | 99  | 100 | 99  |
| July-Sept. | 97  | 107 | 100 | 100 | 100 |
| Oct.-Dec.  | 107 | 101 | 104 | 102 | 102 |

1981

|            |     |     |     |     |     |
|------------|-----|-----|-----|-----|-----|
| Jan.-March | 102 | 84  | 107 | 110 | 97  |
| Apr.-June  | 106 | 95  | 110 | 113 | 98  |
| July-Sept. | 95  | 94  | 113 | 115 | 99  |
| Oct.-Dec.  | 108 | 100 | 114 | 113 | 100 |

1982\*

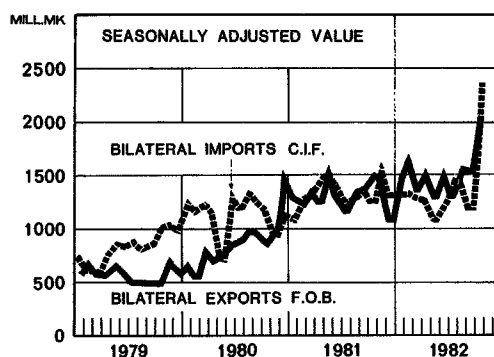
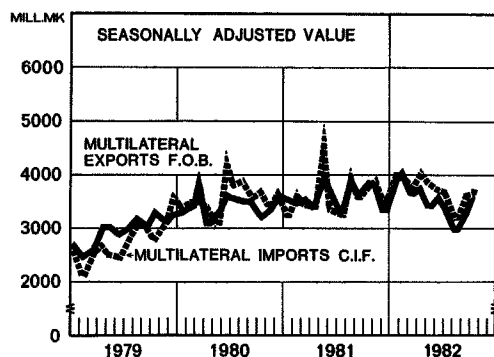
|            |     |    |     |     |     |
|------------|-----|----|-----|-----|-----|
| Jan.-March | 106 | 88 | 114 | 115 | 99  |
| Apr.-June  | 103 | 92 | 115 | 114 | 101 |
| July-Sept. | 86  | 91 | 118 | 116 | 102 |



# FOREIGN TRADE BY MAIN GROUPS

Mill. mk

| Period     | Exports, f.o.b.                          |                        |                         |                                      |             | Imports, c.i.f.                  |                      |                  |                |             |
|------------|--|------------------------|-------------------------|--------------------------------------|-------------|----------------------------------|----------------------|------------------|----------------|-------------|
|            | Agri-cultural 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 |             |
| 1976       | 804                                      | 2 892                  | 7 860                   | 6 891                                | 6 058       | 17 828                           | 1 581                | 4 966            | 4 103          | 77          |
| 1977       | 1 087                                    | 3 854                  | 8 798                   | 9 184                                | 8 008       | 19 128                           | 2 066                | 4 828            | 4 603          | 83          |
| 1978       | 966                                      | 4 641                  | 10 402                  | 9 593                                | 9 604       | 20 431                           | 2 224                | 4 801            | 4 830          | 52          |
| 1979       | 1 366                                    | 6 073                  | 12 992                  | 10 342                               | 12 657      | 28 878                           | 3 401                | 5 719            | 6 133          | 91          |
| 1980       | 1 403                                    | 7 742                  | 15 751                  | 11 546                               | 16 353      | 38 622                           | 4 088                | 7 989            | 7 440          | 111         |
| 1981       | 2 036                                    | 6 852                  | 17 127                  | 14 858                               | 19 435      | 39 156                           | 5 115                | 8 877            | 8 015          | 106         |
| 1981       |  |                        |                         |                                      |             |                                  |                      |                  |                |             |
| Oct.       | 82                                       | 574                    | 1 589                   | 1 511                                | 1 870       | 3 223                            | 454                  | 777              | 759            | 4           |
| Nov.       | 70                                       | 579                    | 1 514                   | 1 513                                | 1 969       | 3 614                            | 474                  | 705              | 707            | 4           |
| Dec.       | 325                                      | 538                    | 1 400                   | 1 217                                | 1 464       | 3 818                            | 426                  | 825              | 632            | 11          |
| 1982*      |  |                        |                         |                                      |             |                                  |                      |                  |                |             |
| Jan.       | 60                                       | 460                    | 1 546                   | 1 427                                | 1 837       | 3 153                            | 224                  | 991              | 631            | 5           |
| Feb.       | 352                                      | 457                    | 1 438                   | 1 398                                | 1 827       | 3 089                            | 267                  | 649              | 778            | 3           |
| March      | 356                                      | 461                    | 1 622                   | 1 240                                | 1 618       | 3 190                            | 231                  | 736              | 823            | 3           |
| April      | 57                                       | 569                    | 1 453                   | 1 266                                | 1 734       | 3 492                            | 265                  | 777              | 843            | 2           |
| May        | 220                                      | 536                    | 1 469                   | 1 280                                | 1 613       | 3 249                            | 272                  | 696              | 682            | 19          |
| June       | 80                                       | 583                    | 1 445                   | 1 789                                | 1 520       | 3 229                            | 469                  | 640              | 638            | 6           |
| July       | 45                                       | 421                    | 1 293                   | 1 571                                | 955         | 3 043                            | 457                  | 713              | 611            | 27          |
| Aug        | 58                                       | 481                    | 1 398                   | 1 029                                | 1 295       | 3 586                            | 499                  | 624              | 728            | 26          |
| Sept.      | 64                                       | 517                    | 1 375                   | 1 346                                | 1 483       | 3 158                            | 391                  | 640              | 771            | 44          |
| Jan.-Sept. |  |                        |                         |                                      |             |                                  |                      |                  |                |             |
| 1981       | 1 559                                    | 5 161                  | 12 624                  | 10 617                               | 14 132      | 28 501                           | 3 761                | 6 570            | 5 917          | 87          |
| 1982*      | 1 292                                    | 4 485                  | 13 039                  | 12 346                               | 13 882      | 29 189                           | 3 075                | 6 466            | 6 505          | 135         |



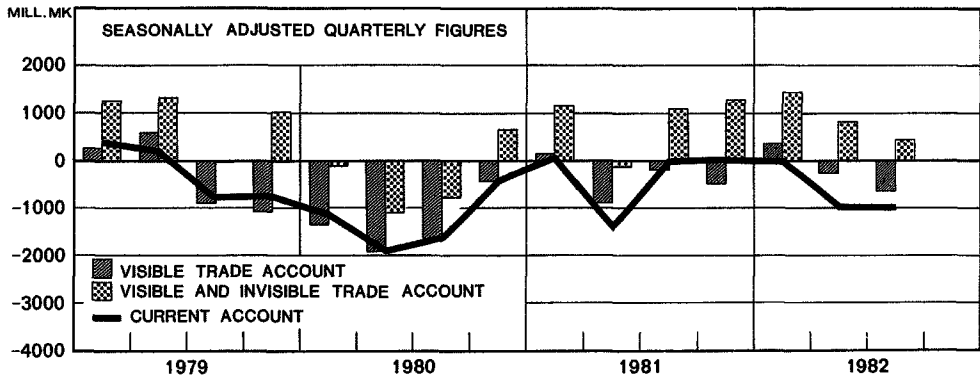
## FOREIGN TRADE BY COUNTRIES

Mill. mk

| Area and country                     | Exports, f.o.b.   |          |       |          | Imports, c.i.f.   |          |       |          |
|--------------------------------------|-------------------|----------|-------|----------|-------------------|----------|-------|----------|
|                                      | January—September |          |       |          | January—September |          |       |          |
|                                      | 1981*             |          | 1982* |          | 1981*             |          | 1982* |          |
|                                      | %                 | Mill. mk | %     | Mill. mk | %                 | Mill. mk | %     | Mill. mk |
| <b>OECD countries in Europe</b>      | 57.2              | 25 221   | 55.6  | 25 057   | 50.1              | 22 447   | 53.3  | 24 163   |
| Austria                              | 0.6               | 254      | 0.7   | 306      | 1.2               | 525      | 1.3   | 595      |
| Belgium and Luxembourg               | 1.4               | 605      | 1.4   | 626      | 1.7               | 759      | 1.8   | 802      |
| Denmark                              | 3.2               | 1 406    | 3.9   | 1 779    | 2.2               | 995      | 2.4   | 1 082    |
| France                               | 4.0               | 1 761    | 4.1   | 1 848    | 3.2               | 1 441    | 3.3   | 1 480    |
| Federal Republic of Germany          | 9.4               | 4 144    | 9.5   | 4 262    | 11.9              | 5 345    | 13.4  | 6 080    |
| Italy                                | 2.0               | 879      | 1.9   | 868      | 2.3               | 1 026    | 2.7   | 1 208    |
| Netherlands                          | 3.5               | 1 546    | 3.2   | 1 439    | 2.7               | 1 191    | 2.7   | 1 229    |
| Norway                               | 4.5               | 1 987    | 4.1   | 1 873    | 2.5               | 1 138    | 2.2   | 983      |
| Portugal                             | 0.3               | 117      | 0.2   | 104      | 0.5               | 219      | 0.6   | 284      |
| Spain                                | 0.8               | 338      | 0.8   | 363      | 0.5               | 237      | 0.6   | 290      |
| Sweden                               | 13.4              | 5 924    | 12.2  | 5 479    | 10.8              | 4 859    | 12.6  | 5 718    |
| Switzerland                          | 1.4               | 630      | 1.4   | 625      | 1.7               | 741      | 1.7   | 773      |
| United Kingdom                       | 11.0              | 4 841    | 10.5  | 4 729    | 8.3               | 3 700    | 7.4   | 3 356    |
| Other                                | 1.7               | 789      | 1.7   | 756      | 0.6               | 271      | 0.6   | 283      |
| <b>OECD countries outside Europe</b> | 5.9               | 2 607    | 5.9   | 2 628    | 12.1              | 5 443    | 11.7  | 5 291    |
| Canada                               | 0.6               | 283      | 0.8   | 359      | 0.6               | 285      | 0.8   | 377      |
| Japan                                | 0.8               | 331      | 1.2   | 532      | 3.7               | 1 677    | 4.1   | 1 879    |
| United States                        | 3.6               | 1 596    | 2.9   | 1 291    | 7.5               | 3 351    | 6.4   | 1 878    |
| Other                                | 0.9               | 397      | 1.0   | 446      | 0.3               | 130      | 0.4   | 157      |
| <b>CMEA countries</b>                | 25.9              | 11 400   | 28.4  | 12 806   | 27.5              | 12 351   | 26.6  | 12 085   |
| Czechoslovakia                       | 0.3               | 102      | 0.4   | 173      | 0.6               | 279      | 0.6   | 262      |
| German Democratic Republic           | 0.6               | 270      | 0.5   | 232      | 0.6               | 276      | 0.6   | 282      |
| Poland                               | 0.1               | 61       | 0.1   | 62       | 1.5               | 672      | 1.6   | 705      |
| Soviet Union                         | 24.2              | 10 650   | 26.2  | 11 810   | 23.8              | 10 668   | 22.9  | 10 412   |
| Other                                | 0.7               | 317      | 1.2   | 529      | 1.0               | 456      | 0.9   | 424      |
| <b>Latin America</b>                 | 2.2               | 987      | 1.2   | 522      | 2.0               | 905      | 2.3   | 1 064    |
| Argentina                            | 0.4               | 178      | 0.2   | 69       | 0.1               | 61       | 0.2   | 74       |
| Brazil                               | 0.3               | 135      | 0.3   | 129      | 0.6               | 284      | 0.7   | 343      |
| Colombia                             | 0.1               | 58       | 0.1   | 64       | 0.5               | 198      | 0.5   | 243      |
| Other                                | 1.4               | 616      | 0.6   | 260      | 0.8               | 362      | 0.9   | 404      |
| <b>Other</b>                         | 8.8               | 3 878    | 8.9   | 4 031    | 8.3               | 3 690    | 6.1   | 2 767    |
| <b>GRAND TOTAL</b>                   | 100.0             | 44 093   | 100.0 | 45 044   | 100.0             | 44 836   | 100.0 | 45 370   |
| of which                             |                   |          |       |          |                   |          |       |          |
| <b>EFTA countries</b>                | 20.3              | 8 968    | 18.8  | 8 455    | 16.8              | 7 547    | 18.5  | 8 413    |
| <b>EEC countries</b>                 | 35.8              | 15 772   | 35.8  | 16 138   | 32.7              | 14 677   | 34.1  | 15 471   |
| <b>OECD countries</b>                | 63.1              | 27 828   | 61.5  | 27 685   | 62.2              | 27 890   | 64.9  | 29 454   |

# 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 | Un-required transfers net | Other, net | Current account |
|--------------|------------------------|------------------------|-----------------------|----------------|-------------|---------------------|-------------------------------------|-----------------------|---------------------------|------------|-----------------|
| 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                | +3 064         | +320        | +587                | -1 484                              | -3 308                | -454                      | +91        | -5 155          |
| 1981*        | 60 260                 | 61 688                 | -1 428                | +3 367         | +405        | +1 104              | +3 448                              | -4 359                | -495                      | +134       | -1 272          |
| <b>1979</b>  |                        |                        |                       |                |             |                     |                                     |                       |                           |            |                 |
| 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            |
| <b>1980</b>  |                        |                        |                       |                |             |                     |                                     |                       |                           |            |                 |
| Jan.-March   | 12 788                 | 13 608                 | -820                  | +878           | -103        | +338                | +293                                | -787                  | -169                      | -5         | -668            |
| Apr.-June    | 12 470                 | 14 029                 | -1 559                | +567           | +80         | +83                 | -829                                | -723                  | -100                      | +55        | -1 597          |
| July-Sept.   | 12 864                 | 15 643                 | -2 779                | +855           | +298        | +100                | -1 526                              | -765                  | -102                      | +34        | -2 359          |
| Oct.-Dec.    | 14 738                 | 15 035                 | -297                  | +764           | +45         | +66                 | +578                                | -1 033                | -83                       | +7         | -531            |
| <b>1981*</b> |                        |                        |                       |                |             |                     |                                     |                       |                           |            |                 |
| Jan.-March   | 14 469                 | 13 620                 | +849                  | +883           | -87         | +104                | +1 749                              | -984                  | -129                      | +10        | +646            |
| Apr.-June    | 15 489                 | 15 808                 | -319                  | +827           | +78         | -145                | +441                                | -1 252                | -127                      | +50        | -888            |
| July-Sept.   | 14 100                 | 15 736                 | -1 639                | +882           | +443        | +422                | +111                                | -1 023                | -108                      | +54        | -966            |
| Oct.-Dec.    | 16 202                 | 16 524                 | -322                  | +775           | -29         | +723                | +1 147                              | -1 100                | -131                      | +20        | -64             |
| <b>1982*</b> |                        |                        |                       |                |             |                     |                                     |                       |                           |            |                 |
| Jan.-March   | 16 089                 | 14 895                 | +1 194                | +803           | -158        | +375                | +2 214                              | -1 097                | -213                      | -2         | +902            |
| Apr.-June    | 15 592                 | 15 421                 | +171                  | +870           | -95         | +190                | +1 136                              | -1 643                | -185                      | +60        | -632            |
| July-Sept.   | 13 318                 | 15 447                 | -2 129                | +872           | +137        | +377                | -743                                | -1 283                | -160                      | +70        | -2 116          |



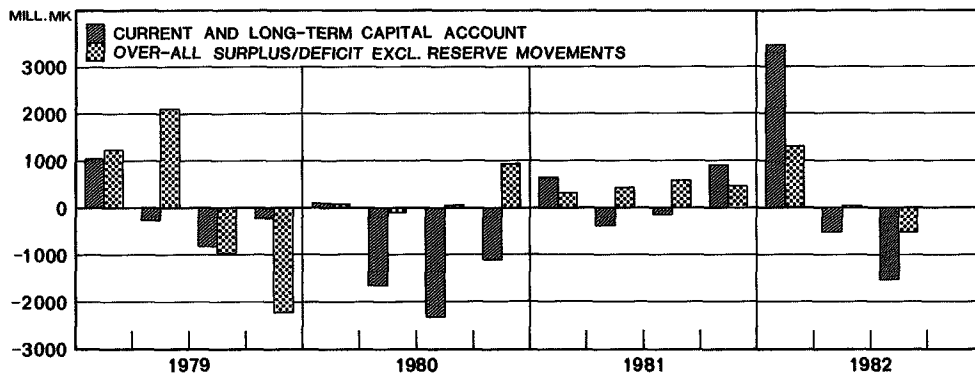
| Drawings of long-term loans | Amortizations of long-term loans | Long-term export credits, net | Miscellaneous long-term capital items, net <sup>1</sup> | Long-term capital account | Current and long-term capital account | Short-term import credits and prepayments, net | Short-term export credits and prepayments, net | Short-term capital of authorized banks, net <sup>2</sup> | Miscellaneous, short-term capital terms, incl. errors and omissions <sup>2</sup> | Over-all surplus deficit excl. reserve movements <sup>2</sup> | Bank of Finland foreign exchange reserves |
|-----------------------------|----------------------------------|-------------------------------|---|---------------------------|---------------------------------------|--|--|--|--|---|---|
| +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                      | -4 973                                | +3 255   | -967   | +3 930   | -250   | +995  | -995                                      |
| +8 312                      | -4 643                           | -518                          | -826  | +2 325                    | +1 053                                | -1 067   | +437   | -406   | +1 786   | +1 803  | -1 803                                    |
| +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                      | +91                                   | +302   | -31  | +518   | -797 <sup>3</sup>  | +83   | -83                                       |
| +1 076                      | -997                             | -39                           | -86   | -46                       | -1 643                                | +1 498   | -32  | +1 666   | -1 584   | -95   | +95                                       |
| +1 126                      | -913                             | -36                           | -146  | +31                       | -2 328                                | +711   | -452   | +1 189   | +934   | +54   | -54                                       |
| +873                        | -1 117                           | -187                          | -131  | -562                      | -1 093                                | +744   | -452   | +557   | +1 197   | +953  | -953                                      |
| +1 404                      | -955                             | -227                          | -235  | -13                       | +633                                  | -473   | +789   | -163   | -477 <sup>3</sup>  | +309  | -309                                      |
| +1 948                      | -1 213                           | +11                           | -233  | +513                      | -375                                  | +867   | +790   | -21  | -831   | +430  | -430                                      |
| +1 932                      | -797                             | -91                           | -200  | +844                      | -122                                  | +95  | -571   | -822   | +2 008   | +588  | -588                                      |
| +3 028                      | -1 678                           | -211                          | -158  | +981                      | +917                                  | -1 556   | -571   | +600   | +1 086   | +476  | -476                                      |
| +3 637                      | -806                             | -114                          | -166  | +2 551                    | +3 453                                | -971   | +569   | -1 509   | -230   | +1 312  | -1 312                                    |
| +2 332                      | -1 555                           | -328                          | -323  | +126                      | -506                                  | -30  | +571   | +61  | -51  | +45   | -45                                       |
| +1 859                      | -883                             | -190                          | -249  | +537                      | -1 579                                | -632   | +507   | -442   | +1 602   | -544  | +544                                      |

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

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

<sup>2</sup> 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.

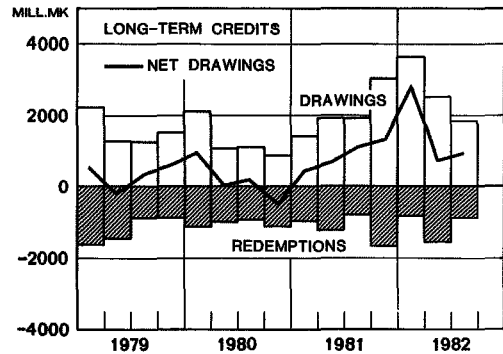
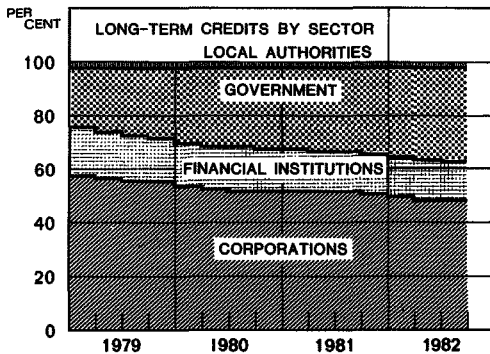
<sup>3</sup> Including allocations of special drawing rights: 139 million in 1979, 133 million in 1980 and 131 million in 1981.



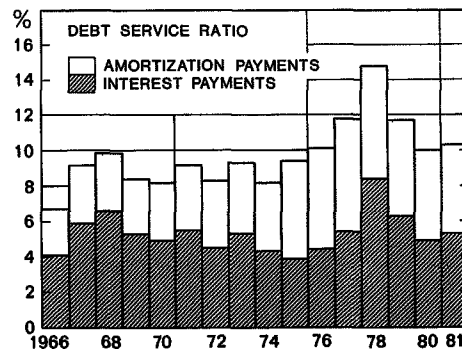
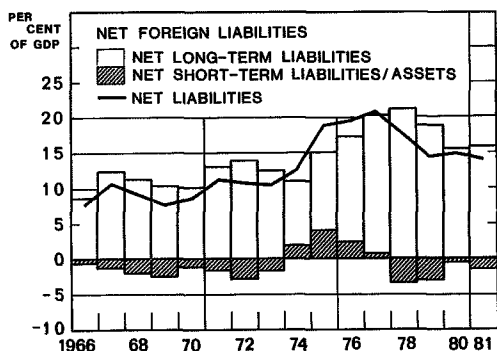
# FINLAND'S FOREIGN ASSETS AND LIABILITIES

| 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              |                                 |
| 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                          |
| 1981*                 | 4 673            | 3 426             | 1 317 | 9 416          | 35 536                | 4 444          | 2 183             | 391   | 42 554         | 33 138                          |
| <b>1979</b>           |                  |                   |       |                |                       |                |                   |       |                |                                 |
| 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                          |
| <b>1980</b>           |                  |                   |       |                |                       |                |                   |       |                |                                 |
| 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                          |
| <b>1981*</b>          |                  |                   |       |                |                       |                |                   |       |                |                                 |
| 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                          |
| Sept.                 | 4 559            | 3 329             | 1 282 | 9 170          | 34 414                | 4 377          | 2 168             | 392   | 41 351         | 32 181                          |
| Dec.                  | 4 673            | 3 426             | 1 317 | 9 416          | 35 536                | 4 444          | 2 183             | 391   | 42 554         | 33 138                          |
| <b>1982*</b>          |                  |                   |       |                |                       |                |                   |       |                |                                 |
| March                 | 4 960            | 3 616             | 1 415 | 9 991          | 38 669                | 4 623          | 2 263             | 709   | 46 264         | 36 273                          |
| June                  | 5 361            | 3 741             | 1 471 | 10 573         | 39 847                | 4 456          | 2 313             | 696   | 47 312         | 36 739                          |
| Sept.                 | 5 700            | 4 084             | 1 466 | 11 250         | 41 198                | 4 515          | 2 345             | 687   | 48 745         | 37 495                          |

See explanations on page 24.



| 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                                   |
| 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                                |
| 11 362            | 13 749  | 14 176           | 39 287           | 2 427                  | 20 218  | 13 538           | 36 183           | -3 104                             | 30 034                  | 7 930              | 3 494                                |
| 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             | 10 149  | 12 357           | 32 207           | 2 680                  | 16 543  | 12 409           | 31 632           | -575                               | 28 555                  | 1 735              | 732                                  |
| 10 125            | 11 464  | 12 299           | 33 888           | 2 437                  | 18 080  | 14 102           | 34 619           | 731                                | 31 686                  | 2 170              | 897                                  |
| 10 817            | 12 627  | 13 152           | 36 596           | 2 403                  | 18 487  | 14 690           | 35 580           | -1 016                             | 31 165                  | 1 638              | 595                                  |
| 11 362            | 13 749  | 14 176           | 39 287           | 2 427                  | 20 218  | 13 538           | 36 183           | -3 104                             | 30 034                  | 2 387              | 1 270                                |
| 12 795            | 13 614  | 13 583           | 39 992           | 3 074                  | 18 592  | 12 318           | 33 984           | -6 008                             | 30 265                  | 1 776              | 600                                  |
| 12 846            | 14 322  | 13 118           | 40 286           | 3 077                  | 19 349  | 12 530           | 34 956           | -5 330                             | 31 409                  | 2 691              | 1 017                                |
| 12 456            | 17 078  | 12 512           | 42 046           | 4 097                  | 21 737  | 12 068           | 37 902           | -4 144                             | 33 351                  | 1 832              | 531                                  |



# PRICE INDICES

| Period | Wholesale price index 1949 = 100 | Basic price index for domestic supply 1975 = 100 |                |                |               |                |                  | Building costs 1980 = 100 |                         |                    |
|--------|----------------------------------|--|----------------|----------------|---------------|----------------|------------------|---------------------------|-------------------------|--------------------|
|        |                                  | Total  | Origin         |                | Purpose       |                |                  | Total                     | Wages in building trade | Building materials |
|        |                                  |  | Domestic goods | Imported goods | Raw materials | Consumer goods | Investment goods |                           |                         |                    |
| 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   | 1 044                            | 182.4  | 178.6          | 196.0          | 185.3         | 185.3          | 173.3            | 110.1                     | 109.6                   | 110.0              |
| 1982   |                                  |  |                |                |               |                |                  |                           |                         |                    |
| Feb.   | 1 103                            | 192.8  | 190.7          | 200.2          | 196.8         | 195.4          | 181.1            | 114.1                     | 113.0                   | 114.0              |
| March  | 1 103                            | 192.8  | 192.0          | 195.7          | 195.4         | 198.0          | 182.2            | 115.7                     | 116.8                   | 115.0              |
| April  | 1 106                            | 193.3  | 192.5          | 195.9          | 194.7         | 200.3          | 184.0            | 116.8                     | 117.1                   | 116.4              |
| May    | 1 110                            | 193.9  | 193.4          | 195.7          | 194.8         | 201.2          | 185.9            | 117.0                     | 116.1                   | 117.0              |
| June   | 1 120                            | 195.6  | 194.4          | 199.9          | 197.5         | 201.9          | 186.1            | 117.5                     | 116.1                   | 117.5              |
| July   | 1 120                            | 195.8  | 194.4          | 200.7          | 196.8         | 203.7          | 186.8            | 117.4                     | 116.1                   | 117.7              |
| Aug.   | 1 118                            | 195.4  | 194.1          | 200.2          | 195.6         | 204.3          | 187.7            | 118.1                     | 116.1                   | 118.6              |
| Sept.  | 1 124                            | 196.4  | 194.9          | 201.6          | 196.5         | 205.6          | 188.6            | 118.6                     | 116.1                   | 119.2              |
| Oct.   | 1 150                            | 200.9  | 196.4          | 216.8          | 202.6         | 208.5          | 190.4            | 120.7                     | 120.4                   | 120.7              |

## Consumer prices 1977 = 100

| Period | Total | Food  | Beverages and tobacco | Clothing and footwear | Rent  | Heating and lighting | Household goods and services | Health and medical services | Transport and communication | Education and recreation | Other goods and services |
|--------|-------|-------|-----------------------|-----------------------|-------|----------------------|------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
| 1979   | 115.9 | 108.8 | 129.4                 | 116.3                 | 113.1 | 114.4                | 114.4                        | 124.1                       | 120.2                       | 115.5                    | 118.4                    |
| 1980   | 129.3 | 122.8 | 140.9                 | 131.9                 | 122.4 | 141.1                | 127.4                        | 137.6                       | 136.4                       | 123.4                    | 132.6                    |
| 1981   | 144.8 | 138.9 | 157.4                 | 146.6                 | 140.4 | 168.1                | 138.0                        | 150.1                       | 148.9                       | 136.3                    | 150.8                    |
| 1982   |       |       |                       |                       |       |                      |                              |                             |                             |                          |                          |
| Feb.   | 153.1 | 147.5 | 176.4                 | 151.1                 | 147.2 | 182.7                | 142.9                        | 161.2                       | 156.2                       | 141.8                    | 159.5                    |
| March  | 155.0 | 152.4 | 176.5                 | 152.9                 | 148.5 | 183.3                | 143.4                        | 163.0                       | 157.8                       | 141.8                    | 160.6                    |
| April  | 156.1 | 155.3 | 176.5                 | 154.8                 | 148.5 | 178.2                | 145.5                        | 163.1                       | 156.6                       | 144.8                    | 164.0                    |
| May    | 158.6 | 156.7 | 176.5                 | 155.3                 | 159.2 | 178.4                | 146.0                        | 165.5                       | 157.9                       | 145.4                    | 164.8                    |
| June   | 158.9 | 157.3 | 176.4                 | 156.0                 | 159.2 | 178.4                | 146.4                        | 167.1                       | 157.6                       | 145.8                    | 164.9                    |
| July   | 160.1 | 161.1 | 176.5                 | 154.7                 | 159.2 | 178.4                | 148.7                        | 167.1                       | 158.9                       | 146.1                    | 166.1                    |
| Aug.   | 159.7 | 157.6 | 176.4                 | 156.2                 | 159.2 | 178.8                | 148.3                        | 166.3                       | 158.5                       | 148.2                    | 167.7                    |
| Sept.  | 160.1 | 158.0 | 176.6                 | 159.4                 | 158.3 | 179.4                | 148.8                        | 166.3                       | 158.8                       | 149.0                    | 167.9                    |
| Oct.   | 160.7 | 158.8 | 176.6                 | 160.4                 | 158.3 | 182.8                | 149.3                        | 165.1                       | 159.9                       | 148.9                    | 168.7                    |



## 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 |                          |                 |                     |                    |                  |               |                             |
| 1980       | 179.3           | 170.5    | 146.1        | 166.0                    | 162.2           | 156.8               | 169.8              | 166.2            | 167.6         | 166.9                       |
| 1981       | 201.3           | 192.5    | 165.6        | 186.1                    | 182.7           | 174.8               | 191.9              | 187.4            | 188.9         | 188.2                       |
| 1981       |                 |          |              |                          |                 |                     |                    |                  |               |                             |
| Apr.-June  | 199.5           | 194.3    | 163.9        | 185.0                    | 182.2           | 174.1               | 192.0              | 186.8            | 189.3         | 188.0                       |
| July-Sept. | 201.0           | 193.7    | 166.9        | 187.7                    | 184.0           | 175.7               | 193.8              | 189.2            | 190.6         | 189.8                       |
| Oct.-Dec.  | 210.9           | 198.9    | 173.6        | 192.3                    | 187.5           | 179.3               | 199.0              | 193.8            | 195.3         | 194.5                       |
| 1982*      |                 |          |              |                          |                 |                     |                    |                  |               |                             |
| Jan.-March | 215.1           | 206.7    | 176.7        | 197.3                    | 193.0           | 185.0               | 204.1              | 198.6            | 201.1         | 199.8                       |
| Apr.-June  | 223.3           | 214.2    | 179.0        | 206.8                    | 201.2           | 195.3               | 212.2              | 207.3            | 209.1         | 208.2                       |
| July-Sept. | 224.7           | 212.2    | 181.1        | 207.2                    | 201.3           | 195.4               | 211.8              | 207.7            | 208.3         | 208.0                       |

## 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 |
|------------|------------------------|-----------------------|-------------|----------|---------------------------|--------------------------------|-----------------------------|----------|------------------------|--------|
| 1980*      |                        |                       |             |          |                           |                                |                             |          |                        |        |
| Apr.-June  | 114                    | 126                   | 84          | 146      | 79                        | 91                             | 112                         | 104      | 123                    | 117    |
| July-Sept. | 117                    | 116                   | 193         | 96       | 111                       | 90                             | 123                         | 107      | 125                    | 114    |
| Oct.-Dec.  | 126                    | 136                   | 83          | 168      | 121                       | 92                             | 131                         | 114      | 127                    | 120    |
| 1981*      |                        |                       |             |          |                           |                                |                             |          |                        |        |
| Jan.-March | 114                    | 130                   | 73          | 143      | 79                        | 89                             | 111                         | 95       | 128                    | 116    |
| Apr.-June  | 118                    | 132                   | 89          | 155      | 76                        | 93                             | 119                         | 107      | 128                    | 122    |
| July-Sept. | 116                    | 119                   | 157         | 80       | 100                       | 91                             | 124                         | 108      | 130                    | 117    |
| Oct.-Dec.  | 128                    | 141                   | 78          | 149      | 122                       | 97                             | 134                         | 116      | 132                    | 124    |
| 1982*      |                        |                       |             |          |                           |                                |                             |          |                        |        |
| Jan.-March | 114                    | 129                   | 69          | 135      | 74                        | 88                             | 113                         | 96       | 133                    | 119    |
| Apr.-June  | 119                    | 131                   | 79          | 138      | 73                        | 92                             | 122                         | 108      | 133                    | 125    |

# PRODUCTION

Index of industrial production 1975 = 100

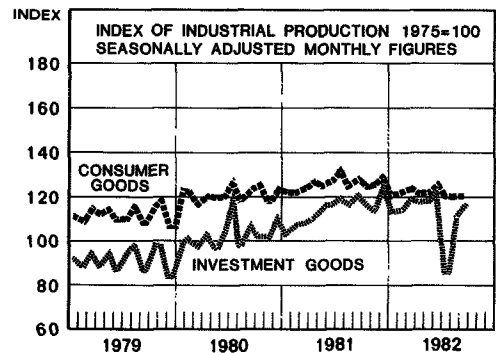
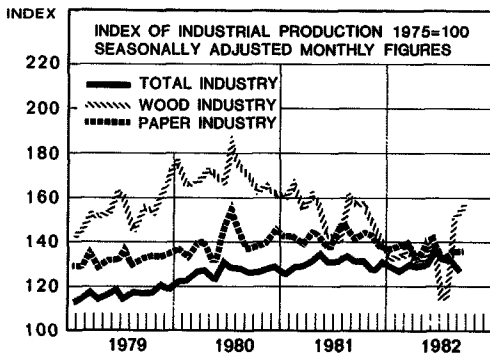
| Period | Total | Investment goods | Consumer goods | Other producer goods | Special indices of manufacturing |               |                |                     |                               |                | Total adjusted for seasonal variations |
|--------|-------|------------------|----------------|----------------------|----------------------------------|---------------|----------------|---------------------|-------------------------------|----------------|--|
|        |       |                  |                |                      | Food industry                    | Wood industry | Paper industry | Chemical industries | Non-metallic mineral industry | Metal industry |  |
| 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   | 127.5 | 105.0            | 122.9          | 135.7                | 117.2                            | 170.6         | 142.6          | 135.3               | 117.6                         | 123.3          | 127.8                                  |
| 1981*  | 131.6 | 115.9            | 127.1          | 138.0                | 123.3                            | 154.8         | 144.4          | 144.2               | 117.8                         | 131.6          | 131.9                                  |

## 1981\*

|       |       |       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Aug.  | 132.3 | 114.9 | 127.8 | 139.2 | 120.8 | 143.8 | 158.8 | 154.9 | 115.6 | 126.6 | 135.1 |
| Sept. | 141.3 | 130.3 | 134.7 | 147.4 | 133.8 | 172.9 | 146.4 | 150.4 | 130.9 | 147.2 | 132.5 |
| Oct.  | 146.1 | 130.9 | 142.5 | 152.0 | 149.0 | 166.7 | 158.9 | 146.2 | 127.4 | 147.3 | 132.5 |
| Nov.  | 139.1 | 126.4 | 135.6 | 144.3 | 138.5 | 151.9 | 152.0 | 132.5 | 120.7 | 144.4 | 128.4 |
| Dec.  | 134.4 | 132.8 | 132.7 | 135.6 | 125.8 | 133.1 | 130.7 | 124.4 | 108.9 | 146.3 | 132.1 |

## 1982\*

|       |       |       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Jan.  | 130.7 | 115.8 | 125.6 | 137.3 | 108.1 | 120.6 | 145.8 | 134.8 | 98.2  | 134.5 | 130.1 |
| Feb.  | 125.6 | 117.3 | 119.9 | 130.5 | 100.9 | 129.2 | 135.2 | 129.6 | 96.5  | 133.5 | 128.5 |
| March | 142.9 | 128.6 | 136.9 | 149.7 | 122.8 | 167.3 | 150.4 | 155.7 | 118.0 | 147.4 | 131.0 |
| April | 128.0 | 117.4 | 123.5 | 133.0 | 113.0 | 146.8 | 120.6 | 146.9 | 109.8 | 136.2 | 130.4 |
| May   | 135.8 | 124.6 | 127.5 | 142.8 | 119.8 | 164.4 | 139.6 | 149.8 | 117.5 | 145.2 | 131.0 |
| June  | 134.6 | 130.9 | 123.1 | 141.0 | 122.4 | 156.6 | 124.9 | 129.4 | 119.1 | 144.6 | 139.5 |
| July  | 88.0  | 50.6  | 75.9  | 104.0 | 108.8 | 56.5  | 137.1 | 81.1  | 71.6  | 55.0  | 134.0 |
| Aug.  | 131.9 | 107.6 | 121.4 | 143.6 | 121.4 | 138.3 | 147.3 | 136.5 | 125.8 | 124.6 | 131.4 |
| Sept. | 136.3 | 125.1 | 126.7 | 143.9 | 128.0 | 173.2 | 138.2 | 137.6 | 144.3 | 142.0 | 127.5 |



# 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 |
|--------|--|-----------------------------------|-------------------------|----------------------------|---------------------------------------|---|--------------------------------------|-----------------------------------|
| 1978   | 3 578                                    | 2 253                             | 2 084                   | 169                        | 7.5                                   | 32 280 <sup>r</sup>                           | 110                                  | 120                               |
| 1979   | 3 593                                    | 2 223                             | 2 134                   | 139                        | 6.1                                   | 44 020 <sup>r</sup>                           | 117                                  | 135                               |
| 1980   | 3 606                                    | 2 315                             | 2 203                   | 112                        | 4.8                                   | 47 840 <sup>r</sup>                           | 119                                  | 141                               |
| 1981   | 3 629                                    | 2 369                             | 2 244                   | 125                        | 5.3                                   | 44 360 <sup>r</sup>                           | 125                                  | 141                               |
| 1981   |  |                                   |                         |                            |                                       |   |                                      |                                   |
| Dec.   | 3 644                                    | 2 337                             | 2 205                   | 132                        | 5.6                                   | 4 370   | 160                                  | 159                               |
| 1982*  |  |                                   |                         |                            |                                       |   |                                      |                                   |
| Jan.   | 3 648                                    | 2 376                             | 2 204                   | 172                        | 7.2                                   | 3 278   | 108                                  | 115                               |
| Feb.   | 3 649                                    | 2 378                             | 2 219                   | 159                        | 6.9                                   | 4 260   | 107                                  | 126                               |
| March  | 3 654                                    | 2 335                             | 2 175                   | 160                        | 6.9                                   | 5 781   | 120                                  | 148                               |
| April  | 3 656                                    | 2 363                             | 2 201                   | 162                        | 6.8                                   | 5 243   | 125                                  | 142                               |
| May    | 3 655                                    | 2 406                             | 2 276                   | 130                        | 5.4                                   | 3 564   | 125                                  | 142                               |
| June   | 3 659                                    | 2 574                             | 2 436                   | 138                        | 5.4                                   | 2 582   | 131                                  | 144                               |
| July   | 3 659                                    | 2 586                             | 2 441                   | 145                        | 5.6                                   | 1 167   | 136                                  | 123                               |
| Aug.   | 3 659                                    | 2 512                             | 2 368                   | 144                        | 5.8                                   | 1 383   | 130                                  | 145                               |
| Sept.  | 3 663                                    | 2 436                             | 2 295                   | 141                        | 5.8                                   | 2 401   | ..                                   | ..                                |

## CONSTRUCTION OF BUILDINGS<sup>1</sup>

| 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 |                          |                       |                |                                   |                  |                     |                       |                |                                   |                  |                                   |
| 1979                 | 48.64                    | 19.83                 | 6.34           | 16.46                             | 3.46             | 38.30               | 17.49                 | 4.39           | 11.76                             | 2.75             | 47.62                             |
| 1980                 | 50.53                    | 20.71                 | 5.49           | 17.69                             | 3.55             | 42.11               | 18.04                 | 4.82           | 13.94                             | 3.26             | 49.57                             |
| 1981*                | 44.92                    | 18.76                 | 5.78           | 14.65                             | 2.75             | 41.08               | 17.20                 | 4.39           | 14.35                             | 3.01             | 47.14                             |
| 1981*                |                          |                       |                |                                   |                  |                     |                       |                |                                   |                  |                                   |
| Jan.-March           | 7.25                     | 3.07                  | 0.94           | 2.31                              | 0.46             | 8.65                | 3.82                  | 0.58           | 3.06                              | 0.80             | 44.44                             |
| Apr.-June            | 16.95                    | 7.85                  | 2.79           | 4.74                              | 0.65             | 8.04                | 3.91                  | 0.58           | 2.64                              | 0.52             | 50.83                             |
| July-Sept.           | 10.77                    | 4.64                  | 1.16           | 3.37                              | 0.72             | 9.50                | 3.69                  | 1.40           | 2.93                              | 0.82             | 53.71                             |
| Oct.-Dec.            | 9.95                     | 3.20                  | 0.89           | 4.23                              | 0.92             | 14.89               | 5.78                  | 1.83           | 5.72                              | 0.87             | 47.14                             |
| 1982*                |                          |                       |                |                                   |                  |                     |                       |                |                                   |                  |                                   |
| Jan.-March           | 8.53                     | 3.16                  | 1.27           | 3.01                              | 0.69             | 6.80                | 3.11                  | 0.59           | 2.45                              | 0.27             | 46.13                             |
| Apr.-June            | 18.46                    | 7.66                  | 3.09           | 5.78                              | 0.74             | 8.45                | 3.71                  | 0.60           | 2.91                              | 0.74             | 50.72                             |

<sup>1</sup> New series calculated by the Central Statistical Office.

# 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 1.3 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.

## FORWARD EXCHANGE MARKETS IN FINLAND

Page 7. The figures for columns 1—6 are calculated by the Bank of Finland on the basis of monthly reports from the banks on their outstanding forward exchange positions at the end of each month. The figures for columns 7—9 are based on monthly averages of daily representative quotations, as reported by the banks to the Bank of Finland.

The banks' foreign currency positions shown in the chart at the bottom of page 7 are monthly averages of daily spot and forward positions vis-à-vis the Finnish mark as reported by the commercial banks to the Bank of Finland. The spot position includes all foreign currency-denominated assets and liabilities of the banks, excluding their outstanding forward contracts.

## FOREIGN EXCHANGE RATES

Pages 8—9 *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. The chart at the bottom of page 8 shows the banks' forward selling rates for the US dollar as deviations from the spot rate.

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

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

Page 10. *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 11. *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 12. Official figures computed by the Economics 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.

## FOREIGN TRADE

Pages 13—15. Figures supplied by the Board of Customs *Indices* (p. 13): 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. 15): from January 1980 imports by countries of origin exports by countries of consignment.

## BALANCE OF PAYMENTS

Pages 16—17. 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 18—19. 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 payment 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 20. All indices calculated by the Central Statistical Office.

## WAGES — PRODUCTION

Pages 21—22. Figures supplied by the Central Statistical Office. Page 22. *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.

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

Page 23. *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 1 155 to 1 809 Finland formed a part of the kingdom of Sweden. Connected from 1 809 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. The President for the current term, January 27, 1982, to March 1, 1988, is Mauno Koivisto.

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, IDB 1977 and AfDB 1982.

## LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 244 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4%. Of the land area (1980) 2.5 mill. ha (8.2%) are cultivated and 19.7 mill. ha (64.5%) 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 (1980): 4.8 million. Sweden 8.3, Switzerland 6.4, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1980): In South Finland 46.8, in East and Central Finland 14.0, in North Finland 4.1 and in the whole country an average of 15.7 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1980): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital, 483 036 inhabitants, Tampere (Tammerfors) 166 228, Turku (Åbo) 163 680.

EMPLOYMENT (1981): Agriculture and forestry 11%, industry and construction 35%, commerce 14%, transport and communication 8%, financing, insurance, real estate and business services 6%, community and personal services 26%.

LANGUAGE (1980): Finnish speaking 93.5%, Swedish speaking 6.3%, others 0.2%.

EDUCATION (1981): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1 640) and 14 colleges of university standard.

CHANGE OF POPULATION (1980): births 13.2‰, deaths 9.3‰, change + 2.8‰, net immigration — 0.3‰. Deaths in France 10.1‰ and Great Britain 11.8‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1981), in million marks: Gross domestic product at factor cost by industrial origin: agriculture 8 758 (4%) forestry and fishing 9 590 (5%), manufacturing 60 991 (33%), construction 13 447 (7%), trade, restaurants and hotels 21 508 (11%), transport and communication 15 358 (8%), banking and insurance 7 816 (4%), ownership of dwellings 13 066 (7%) other services 40 280 (21%), total 188 814. Index of real domestic product 121 (1975 = 100).

FOREST RESOURCES (1980). The growing stock comprised of 1 631 million m<sup>3</sup> (solid volume with bark) of which 44% was pine and 38% spruce the remaining 18% being broad-leaved trees chiefly birch. Of the growing stock 690 million m<sup>3</sup> was up to the standard required for logs, 56% of these being pine. The annual growth was 65 million m<sup>3</sup> and the total drain calculated on the basis of roundwood consumption was 59 million m<sup>3</sup>

AGRICULTURE (1980). Cultivated land 2.3 million hectares. Number of holdings 224 721 of which 155 277 are of more than 5 ha. Measure of self-sufficiency in bread cereals 70%.

INDUSTRY (1981). Gross value of industrial production 193 314 mill. marks number of workers 419 443, salaried employees 144 692, motive power 8.0 mill. kW. Index of industrial production 132 for 1981 (1975 = 100).

STATE RAILWAYS (Dec. 31, 1981): Length 6 976 km.

MERCHANT FLEET (Sept. 30, 1982): Passenger vessels 154 (261 828 gross reg. tons), tankers 45 (1 093 633 gross reg. tons), dry cargo vessels 186 (850 088 gross reg. tons), other vessels 97 (15 101 gross reg. tons), total 482 (2 220 650 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1981): Passenger cars 1 279 192, lorries and vans 155 001, buses 9 054, others 9 384, total 1 452 631.

FINNISH AIRLINES (April 1, 1982): Finnair and Kar-Air have in use 2 DC-8, 1 DC-6-ST, 3 Super Caravelles, 9 DC-9-14/15, 5 DC-9-41, 12 DC-9-51, 3 DC-10-30, 2 Fokker F-27 and 2 Embraer Bandeirante. Companies have scheduled traffic outside of Finland to 38 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 23.2, Skr 16.7, £ 13.2, DM 13.1, \$ 10.0, other currencies 23.8. The permissible range of fluctuation is about 2.25 per cent of either side of the arithmetic mean. The fluctuation limits are 127.5 and 121.9.

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, 1981). There are two big and five small commercial banks with in all 891 offices, 274 savings banks, 371 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 (June 1, 1982). The base 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 11%. Other credit institutions: time deposits 4 ¼%; 6 month deposits 5 ½%; 12 month deposits 7%; 24 month deposits 8 ¼% and sight deposits 1 ¼%. The highest lending rate 12 ½%.

# STRUCTURAL CHANGES IN INVESTMENT AND THE CAPITAL STOCK<sup>1</sup>

by Hannele Kuosmanen, M.Sc. (Econ.)

Economics Department  
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## INVESTMENT ACTIVITY IN GENERAL

In the past three decades, the Finnish economy has undergone more rapid and far-reaching structural changes than many other western economies. This process has required a very high level of investment activity, which in turn has been an important factor contributing to growth during these years. The investment ratio — the share of gross fixed investment in GDP — exceeded both that of the other Nordic countries and the average for the total OECD area almost every year in the 1960s and 1970s (Chart1).<sup>2</sup>

Brisk investment activity is generally associated with rapid growth of output, although the long-run growth effects of capital formation depend very much on the structure and efficiency of investment. Finland ranks high in international comparisons of growth rates and investment ratios, particularly in the first half of the 1970s.

Movements in the Finnish investment ratio from 1960 to 1980 can be divided into three periods. During 1960—1968 it showed a downward trend, then rose from 1969 to 1975, after which it declined again. These fluctuations as well as the relatively high level of the Finnish investment ratio can be explained partly by cyclical factors and partly by changes in the structure of investment. In the following

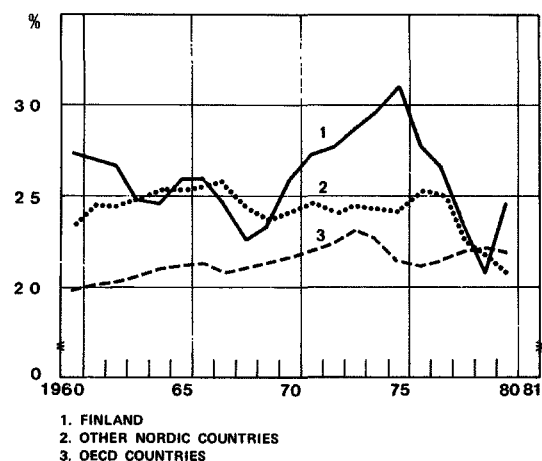
<sup>1</sup> The data used in this article is based on the National Accounts and a study on the capital stock published by the Central Statistical Office. The data used in the tables and charts was computed at the Bank of Finland by Aila Koivunmaa and Minna Piha.

<sup>2</sup> The level of the Finnish investment ratio and movements in it over time depend to some extent on whether current or fixed prices are used. In the 1970s the price of investment goods rose faster than the general price level, and therefore the ratio based on current prices was lower in the 1960s and displayed wider fluctuations in the 1970s than the ratio calculated at fixed 1975 prices. (See also Table 1).

these underlying structural features of investment are analysed. Hence the main concern is with the allocation of investment and capital to various sectors of the economy. The capital goods structure is regarded as a consequence of production and investment patterns, and is thus only briefly discussed. Since the investment behaviour of different institutional sectors and the financing of investment were dealt with in the previous issue of the Bulletin, they are not touched upon here.<sup>3</sup>

During the years of rapid structural change in the 1950s and 1960s, the level of the overall investment ratio was very much influenced by investments in the infrastructure, whereas its fluctuations were governed by investment activity in the capital-intensive manufacturing sectors, that is, the pulp and paper, basic metal and chemical industries. The upsurge

**CHART 1. GROSS FIXED CAPITAL FORMATION AS PERCENTAGE OF GDP, AT CURRENT PRICES**



<sup>3</sup> See the back article in the November, 1982 issue of the Bulletin.

in 1969—1975 was mainly attributable to the coincidence of a boom in housing investment with large-scale energy projects and, at the end of the period, with a boom in manufacturing investment. These were all, of course, facilitated by strong international demand for Finnish exports and favourable developments in income and profitability. The sharp decline in the investment ratio in the latter half of the 1970s was due mainly to weakened demand, but also to the return of energy investment to a more normal level and the underlying decline in infrastructure investment.

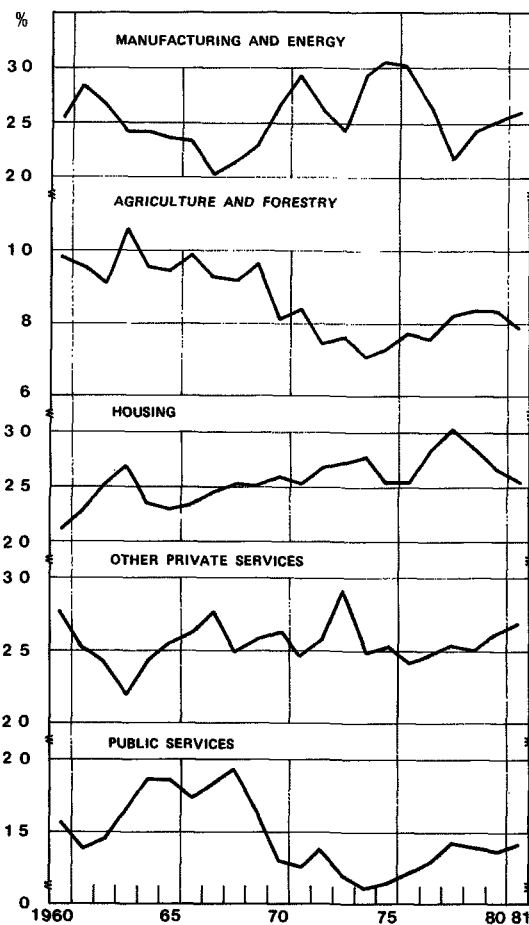
### SECTORAL DISTRIBUTION OF INVESTMENT

As in other western economies, private investment has played a clearly dominant role in Finland. Over the period 1960—1980, its share in total investment varied around 85 per cent. It should, however, be noted that investments by public enterprises such as the railways and telecommunications are included in this figure.

Private investment is here grouped into four major components: industrial investment (manufacturing and energy), housing, agriculture and forestry and other private sector investment (including that by firms in construction and services). During the two decades examined, investment in manufacturing and energy production (electricity, gas and water) accounted for about one quarter of total capital formation (Chart 2A). In spite of considerable cyclical fluctuations, this share was rather stable.

Another major component of private investment has been housing. Its internationally high share, about 25 per cent, is partly explained by climatic factors and partly by demographic factors, notably the age structure of the population and the large-scale internal migration associated with the structural change in the economy. Its share is now declining slightly, a trend which is expected to continue since urbanization has slowed down. The demand for dwellings by the generation born in the baby boom immediately after the second world

**CHART 2A. MAJOR COMPONENTS OF INVESTMENT AS PERCENTAGES OF TOTAL GROSS INVESTMENT, AT 1975 PRICES**

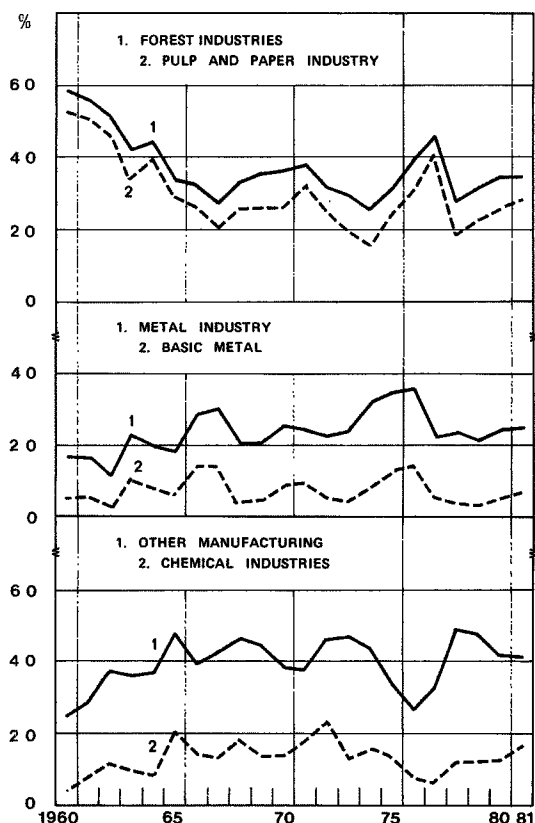


war will nevertheless ensure that the share of housing will remain fairly high for some years to come.

During the period examined, the share of agriculture and forestry in total investment declined from 10 to 8 per cent. The proportion of other private sector investment, which in the present analysis includes private construction of buildings, roads and waterways, transportation and all private services, remained very stable at about a quarter of total fixed capital formation.

Changes in the share of public services reflect developments in the infrastructure. It reached its peak of 20 per cent in 1968 and then declined sharply before stabilizing at 14 per

**CHART 2B. MAJOR COMPONENTS OF MANUFACTURING INVESTMENT AS PERCENTAGES OF TOTAL GROSS INVESTMENT IN MANUFACTURING, AT 1975 PRICES**



cent. The high level of public investment in the mid-1960s was also due to the use of investment as a cyclical policy instrument. At that time, public sector investments were used as an employment policy measure. Since then the emphasis of employment policy has shifted more towards loans to the private sector — particularly for housing — and direct financial support for the unemployed.

If the large share of housing is excluded, the structure of investment in Finland has been fairly similar to the average for the OECD countries. Reflecting differences in the structures of economies, the share of primary production has been slightly higher and that of private services lower in Finland than in these countries. The proportion of industrial investment has been very close to the OECD average.

Since 1965, the distribution of investment within manufacturing has remained fairly constant (Chart 2B). In the early 1960s, the share of the forest industries was almost halved in five years before it stabilized at around 25 per cent. The forest industries have lost their relative importance to other manufacturing branches, the combined share of which increased in the 1970s. The proportion of the metal industry reached its greatest extent during the latter half of the 1960s and in the mid-1970s. Capital-intensive industries, i.e. the basic metal, pulp and paper and chemical industries, together accounted for about one half of total manufacturing investment.

When compared to GDP, the relative size of sectoral investment can be distinguished even more clearly (Table 1). The share of housing exceeds the proportion of manufacturing by about two percentage points during each period shown in Table 1. Within manufacturing, investment in the metal industry averaged about 1.3 per cent of GDP and that in the forest industries 2.0 per cent. The corresponding shares of these two branches in total output were 8 and 6 per cent. In other manufacturing the investment ratio was the same

**TABLE 1. GROSS FIXED CAPITAL FORMATION AS PERCENTAGE OF GDP, AT 1975 PRICES**

|   | 1960—67 | 1968—74 | 1974—81 |
|---|---------|---------|---------|
| By sector:                              |         |         |         |
| Manufacturing                           | 5.6     | 5.6     | 4.8     |
| Forest industries                       | 2.5     | 1.8     | 1.7     |
| Metal industry                          | 1.1     | 1.4     | 1.3     |
| Other manufacturing industries          | 2.0     | 2.4     | 1.8     |
| Energy                                  | 1.6     | 1.7     | 2.1     |
| Agriculture and forestry                | 2.1     | 1.6     | 1.4     |
| Housing                                 | 7.0     | 7.5     | 7.0     |
| Other private sector                    | 8.1     | 8.1     | 7.1     |
| Public services                         | 4.8     | 4.0     | 3.4     |
| By capital goods category:              |         |         |         |
| Residential buildings                   | 7.0     | 7.5     | 7.0     |
| Nonresidential buildings                | 5.9     | 5.7     | 5.4     |
| Other construction and land improvement | 5.8     | 4.9     | 3.8     |
| Transport equipment                     | 2.5     | 2.3     | 1.8     |
| Machinery and other equipment           | 8.0     | 8.1     | 7.8     |
| Total                                   | 29.2    | 28.5    | 25.8    |



**TABLE 2. AVERAGE ANNUAL GROWTH RATES OF VALUE-ADDED<sup>1</sup>, GROSS FIXED INVESTMENT<sup>2</sup>, GROSS FIXED CAPITAL STOCK<sup>1</sup> AND CAPITAL/LABOUR RATIO<sup>3</sup>, AT 1975 PRICES**

|                                 | 1960-67 | 1968-74 | 1974-81 |
|---------------------------------|---------|---------|---------|
| <b>Total</b>                    |         |         |         |
| GDP                             | 3.5     | 6.1     | 2.9     |
| Investment                      | 3.5     | 6.1     | -0.3    |
| Capital stock                   | 5.4     | 5.2     | 3.5     |
| Capital/labour                  | 5.8     | 5.1     | 4.1     |
| <b>Manufacturing</b>            |         |         |         |
| Value-added                     | 4.9     | 8.1     | 4.5     |
| Investment                      | 2.5     | 11.3    | 0.2     |
| Capital stock                   | 5.9     | 6.0     | 2.8     |
| Capital/labour                  | 6.3     | 3.1     | 2.9     |
| <b>Energy</b>                   |         |         |         |
| Value-added                     | 6.1     | 10.0    | 5.6     |
| Investment                      | -3.7    | 18.1    | -2.4    |
| Capital stock                   | 4.0     | 6.1     | 4.7     |
| Capital/labour                  | 1.8     | 5.0     | 3.1     |
| <b>Agriculture and forestry</b> |         |         |         |
| Value-added                     | -1.5    | -0.4    | 2.5     |
| Investment                      | 2.8     | 2.2     | 1.3     |
| Capital stock                   | 3.3     | 2.5     | 1.9     |
| Capital/labour                  | 6.2     | 8.0     | 5.1     |
| <b>Housing</b>                  |         |         |         |
| Value-added                     | 5.3     | 5.3     | 4.0     |
| Investment                      | 5.8     | 8.0     | -1.6    |
| Capital stock                   | 5.2     | 5.6     | 4.2     |
| Capital/labour                  | 2.5     | 3.0     | 3.4     |
| <b>Other private sector</b>     |         |         |         |
| Value-added                     | 4.0     | 6.0     | 1.4     |
| Investment                      | 3.9     | 5.3     | 1.0     |
| Capital stock                   | 5.6     | 5.6     | 3.2     |
| Capital/labour                  | 4.7     | 4.8     | 4.2     |
| <b>Public services</b>          |         |         |         |
| Value added                     | 4.4     | 5.7     | 4.4     |
| Investments                     | 6.0     | -0.9    | 3.1     |
| Capital stock                   | 7.2     | 4.8     | 3.8     |
| Capital/labour                  | 3.6     | 0.3     | 0.2     |

<sup>1</sup> Growth rates of exponential trends in each period.

<sup>2</sup> Arithmetic mean in each period.

<sup>3</sup> Ratio of gross fixed capital at 1975 prices to man-hours; growth rates of exponential trends in each period.

as that of the forest industries, while its share in output was around 10 per cent.

The distribution of investment by capital goods categories reflects the sectoral structure of investment. Residential buildings together with other buildings claim by far the largest share.

Table 2 shows average annual growth rates by sector for value-added, gross fixed invest-

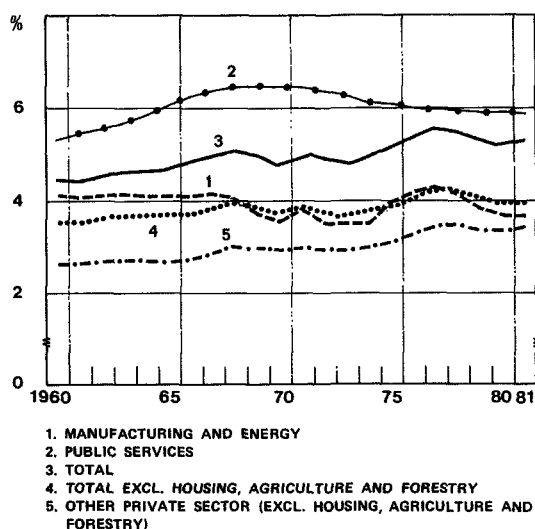
ment and capital stock.<sup>4</sup> Changes in sectoral capital-labour ratios, also shown in the table, are discussed in the next section.

In concluding this sectoral survey it can be noted that the distribution of investment seems to have remained fairly stable over the last fifteen years or so. All the major changes had taken place by the mid-1960s. Since then, only the shares of primary production and public services have diminished.

## CAPITAL-INTENSITY

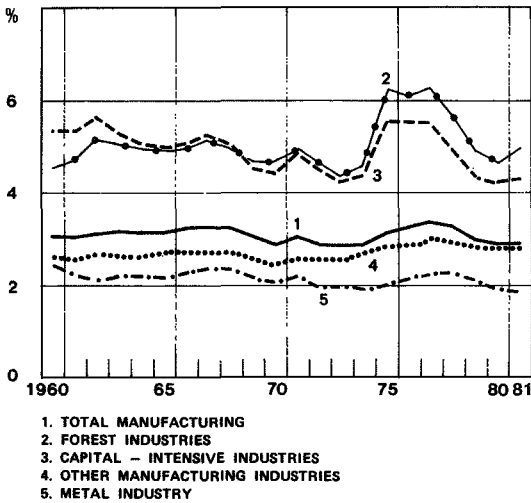
Cyclical fluctuations in the overall capital-output ratio have been governed by changes in the capital-output ratio in manufacturing and energy (Chart 3A). The total capital-output ratio showed an upward trend during the twenty-year period analyzed, which was mainly due to the rising ratios in primary production, housing and the tertiary sector. In contrast, the underlying trends of the capital-output ratios in manufacturing remained surprisingly stable (Chart 3B). Differences in capital-output ratios among the various manufacturing branches are quite marked; for

**CHART 3A. CAPITAL-OUTPUT RATIOS BY SECTOR**



<sup>4</sup> Only the gross fixed capital stock for each sector is shown, which partly explains the higher growth rates for capital stock as compared with the growth of value-added.

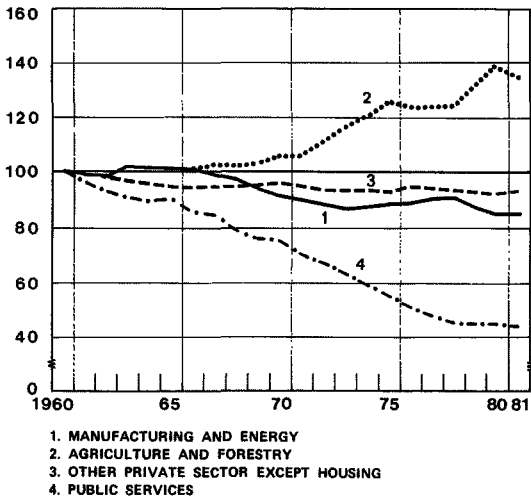
**CHART 3B. CAPITAL-OUTPUT RATIOS BY MANUFACTURING BRANCH**



instance, the capital output ratio of the forest industries is more than twice as high as that of the metal industry.

Capital-labour ratios <sup>5</sup> increased in all sectors of the economy during the twenty-year period (Table 2). The overall increase was approximately 5.2 per cent annually, while in total manufacturing it was 4.2 per cent per annum. The increase in capital-intensity was fastest in primary production, where the capital stock

**CHART 4A. RELATIVE MOVEMENTS IN CAPITAL-LABOUR RATIOS BY SECTOR, TOTAL = 100**



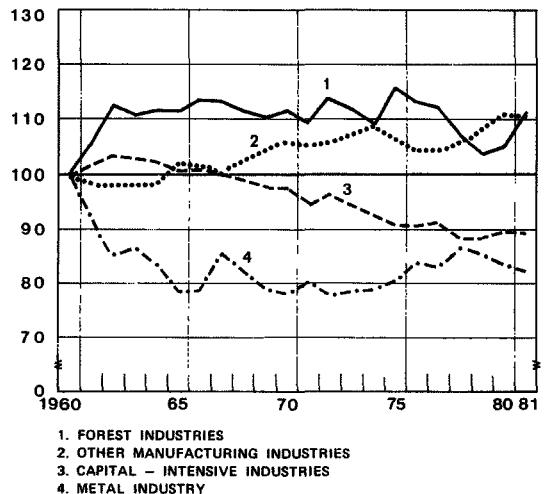
<sup>5</sup> Ratio of gross fixed capital stock to man-hours.

per hour of labour input rose nearly one and a half times faster than in the economy as a whole (Chart 4A). Increasing capital-intensity, like rising capital-output ratios, indicates a vigorous substitution of capital for labour in this sector. Capital-intensity also increased in public services, although at a much slower pace than the overall ratio. The same is true for manufacturing and the other private sector categories as well.

Comparing capital-labour ratios in the different manufacturing branches, it can be seen that the growth rates of capital-labour ratios in the forest and other manufacturing industries have clearly exceeded that of the metal industry (Chart 4B). Taken together, the capital-intensity of the capital-intensive industries has risen more slowly than the overall average since 1968.

According to these calculations, it seems that capital-intensity has increased in the economy during the period under examination, and particularly in sectors which have traditionally been labour-intensive, such as agriculture, construction, transportation, services, textiles etc. The increase in capital-intensity in manufacturing as a whole, and especially in the traditionally capital-intensive industries, has been rather modest.

**CHART 4B. RELATIVE MOVEMENTS IN CAPITAL-LABOUR RATIOS IN MANUFACTURING, TOTAL MANUFACTURING = 100**



## DETERMINANTS OF INVESTMENT

The high investment ratio in Finland is largely explained by the high level of so-called autonomous investment, which, in turn, is mainly determined by structural, geographical and demographic factors. In order to explain the fluctuations and sharp decline in investment activity at the end of the 1970s, a closer examination of the investment behaviour of Finnish firms and of official policies as regards investment is called for.

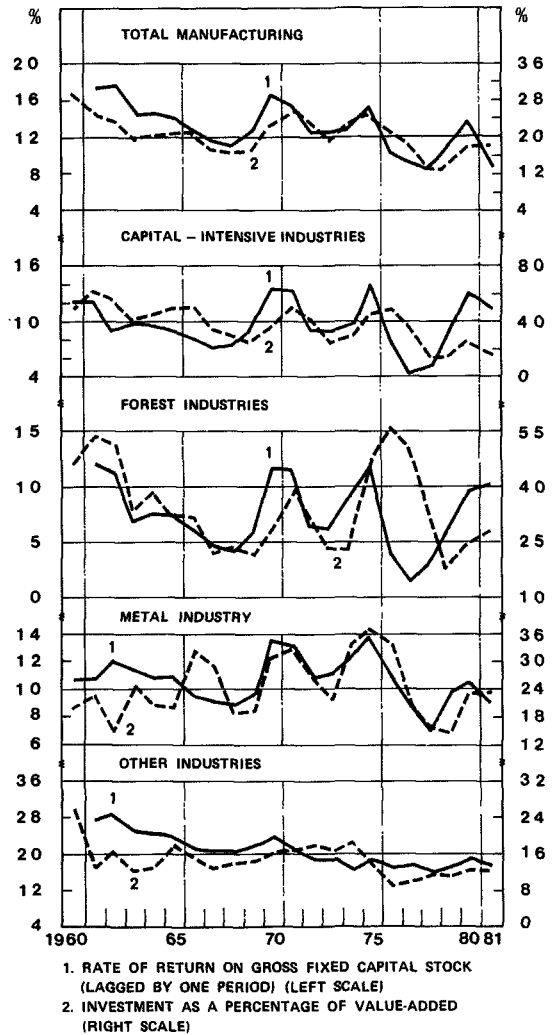
In empirical research on the determinants of investment in Finland, demand expectations and the level of capacity utilization have frequently been cited as factors explaining investment behaviour. This demand-based analysis has also been complemented by studies in which the relative costs of capital and labour are also assigned a role. Since the real interest rate in Finland has been very low — it was actually negative throughout the 1970s — the cost of capital relative to labour has also been very low. Consequently, relative factor costs might have been of some relevance in explaining investment behaviour, especially in the traditionally labour-intensive industries.

Although financial considerations have certainly been very important in determining investment behaviour, the most commonly applied theories based on the assumption of perfect financial markets are not, as such, relevant to Finland, where financial markets have always been heavily regulated.<sup>6</sup>

In recent years the profitability of the firm has also been considered an important determinant of investment, particularly in the open sector. Profitability is a complex concept, being influenced by expected sales, selling prices, the quantity of material inputs used and their prices, labour costs, and, by some definitions, also capital costs. It can be thought of as a source of internal finance for investments or as an indicator of the expected rate of return on future investments. Interpreted in either way,

<sup>6</sup> For financial aspects, see the November, 1982 issue of the Bulletin.

**CHART 5. RATE OF RETURN ON GROSS FIXED CAPITAL STOCK (LEFT SCALE) AND INVESTMENT AS PERCENTAGE OF VALUE-ADDED (RIGHT SCALE)**



it seems that profitability has, in the short run, been a common denominator in determining investment behaviour in the open sector in Finland. This is illustrated in Chart 5, which shows simple rates of return on gross fixed capital and investment-output ratios for the main branches of manufacturing.<sup>7</sup>

Fluctuations in investment ratios have been largely determined by variations in profitability in preceding years. Up to the mid-1970s,

<sup>7</sup> The rate of return is constructed by subtracting labour costs from value-added and dividing the resulting capital income by the value of the capital stock. This is only a rough approximation of the real rate of return and does not take into account different payments systems, the amounts of other types of capital or the user costs of capital, etc.

profitability in the open sector, and especially in capital-intensive industries, was fairly high. Moreover, during this period of fast economic growth, firms possessed both the motivation and the means to invest.

At that time, too, government policies were highly growth-oriented. In the 1960s the main aim of growth policy was not only to improve the infrastructure but also to establish sound basic industries capable of competing with imports and thus alleviating pressures on the external balance. Current-account problems were regarded as the result of a structural imbalance between the open and sheltered sectors. The measures employed in pursuing this policy included tax concessions, reductions in employers' social security contributions and fixing interest rates at levels consistent with securing the profitability and competitiveness of firms. But the most important device used for rectifying the competitiveness of the open sector at times of high inflation has been exchange-rate changes.<sup>8</sup>

One consequence of the growth policy measures and an explanation for the high investment ratio in Finland has been the willingness of Finnish firms to run financial deficits. This can be regarded as the result not only of negative interest rates and the availability of external financing but also of high corporate taxation. Together with large depreciation allowances, it has encouraged investment even at the risk of growing indebtedness.<sup>9</sup> Besides investment in fixed capital, the corporate taxation system has been claimed to have intensified inventory investment in Finland. From the structural point of view, the tax system has tended to keep capital within the traditional industries, and therefore may have even slowed down structural changes. Taxation does seem to have had some effect on at least the timing of investment in the first half of the 1970s when inflation was high. By the end of the decade, however, the relevance of this argument seems to have diminished partly because of a change

in the tax laws and partly as a result of recession and poor income developments.

In 1979—1980, profitability increased in both the forest and other capital-intensive industries, but the investment ratio grew only very modestly. Weak demand and low profitability expectations caused by the continued sluggishness of international markets and abundant unutilized capacity have kept investment at a low level.

## CONCLUDING REMARKS

Investment contributed significantly to economic growth until the latter half of the 1970s. Brisk investment activity has occasionally led to serious current account deficits and inflation problems, an indication not only of the willingness of firms to run financial deficits but also of the structural imbalance between the demand and supply sides of the economy. Although growth policies have favoured the open sector, the resource allocation has not mitigated structural problems in the economy. These problems aside, investment activity was one of the major factors keeping the economy close to full employment from the 1950s up till the mid-1970s. Since then, the weaker trend of output and capacity utilization has led to a simultaneous rise in the unemployment rate and a fall in the investment ratio.

From the point of view of full employment, the pursuit of policies favouring even the most labour-intensive investments would imply fairly high investment ratios in the future. If the target is set even higher so as to eliminate unemployment without causing serious imbalances in the current account, resources would have to be increased dramatically and reallocated to the open sector. The resource requirements are in fact so large that Finland, like the other western European economies, will be unable to attain both these goals in the near future. However, since the demand for infrastructure investments is likely to diminish in the coming years, there should be scope for at least some progress in this direction.

<sup>8</sup> For investment incentives, see the Appendix of the back article in the November, 1982 issue of the Bulletin.

<sup>9</sup> Some of the eccentricities of taxation in Finland are due to the fact that corporate taxation in Finland is not based on value-added.

Apart from full-employment objectives, there are other factors making for increased investment requirements in the future. Rapid technical change, together with the drastic changes in relative prices experienced in recent past, will speed up the obsolescence of the existing capital stock and thus increase the need for replacement investments.

All in all, investment requirements will remain high in the future. The problem, however, will be to find sufficient willingness on the part of firms to invest in an international environment of slow growth rates and weak demand expectations.

# ITEMS

## Finland's balance of payments January—September 1982.

According to the Bank of Finland's preliminary figures, the current account showed a deficit of 1 846 million marks for January—September, compared with a deficit of 1 208 million marks for the corresponding period of last year. The net inflow of long-term capital amounted to 3 214 million marks and the outflow of short-term capital to 555 million marks. The foreign exchange reserves of the Bank of Finland grew by 813 million marks.

The visible trade account showed a deficit of 764 million marks for January—September, compared with a deficit of 1 106 million marks for the corresponding period of last year. A surplus of nearly 800 million marks was recorded in bilateral trade, whereas the trade account with Western markets registered a deficit of 1 600 million marks.

The value of visible exports rose by 2 per cent, whereas the volume of exports declined by 2 per cent. The volume of exports of the chemical industries and the metal and engineering industry grew, while the volume of exports of other industrial sectors declined. Exports of sawn goods and pulp registered the sharpest declines. The value of visible imports rose by 1 per cent, while the volume of imports declined by 1 per cent. The volume of crude oil imports declined by 16 per cent. The volume of imports of investment goods declined, whereas the volume of imports of consumer goods grew by 5 per cent.

The invisible trade account showed a surplus of 3 371 million marks for January—September, 36 million marks less than in the same period last year. The surplus on the transport account was 47 million marks down on the corresponding period of 1981 and amounted to 2 545 million marks. Travel receipts declined

## MAJOR BALANCE OF PAYMENTS ITEMS JANUARY—SEPTEMBER 1982, MILL. MK<sup>1</sup>

|  | Receipts              | Expenditure           | Net           |
|--|-----------------------|-----------------------|---------------|
| Visible trade (exports f.o.b., imports c.i.f.)                 | 45 044                | 45 370                | —326          |
| Adjustment items   | —45                   | 393                   | —438          |
| Visible trade account  | 44 999                | 45 763                | —764          |
| Transport (c.i.f.)   | 4 088                 | 1 543                 | 2 545         |
| Travel   | 2 279                 | 2 395                 | —116          |
| Other services   | 3 302                 | 2 360                 | 942           |
| Invisible trade account  | 9 669                 | 6 298                 | 3 371         |
| <b>VISIBLE AND INVISIBLE TRADE ACCOUNT</b>                     |                       |                       |               |
| TRADE ACCOUNT  | 54 668                | 52 061                | 2 607         |
| Investment income, net   | 2 170                 | 6 193                 | —4 023        |
| Unrequited transfers   | 278                   | 836                   | —558          |
| Other  | 1 595                 | 1 467                 | 128           |
| <b>A. CURRENT ACCOUNT</b>                                      | <b>58 711</b>         | <b>60 557</b>         | <b>—1 846</b> |
|  | Change in receivables | Change in liabilities | Net           |
| Long-term financial loans and suppliers' credits: drawings     | —1 450                | 7 828                 | 6 378         |
| redemptions  | 818                   | —3 244                | —2 426        |
| Direct investment  | —656                  | 157                   | —499          |
| Other long-term capital  | —241                  | 2                     | —239          |
| <b>B. LONG-TERM CAPITAL ACCOUNT</b>                            | <b>—1 529</b>         | <b>4 743</b>          | <b>3 214</b>  |
| BASIC BALANCE (A+B)  |                       |                       | 1 368         |
| Prepayments and liabilities related to imports                 |                       |                       | —1 633        |
| Prepayments and receivables related to exports                 |                       |                       | 1 647         |
| Short-term capital of authorized banks                         |                       |                       | —1 890        |
| Other short-term capital                                       |                       |                       | 1 621         |
| Errors and omissions   |                       |                       | —300          |
| <b>C. SHORT-TERM CAPITAL ACCOUNT</b>                           |                       |                       | <b>—555</b>   |
| <b>D. Allocations of SDRs</b>                                  |                       |                       | <b>—</b>      |
| <b>OVERALL BALANCE (A+B+C+D)</b>                               |                       |                       | <b>813</b>    |
| Change in the foreign exchange reserves of the Bank of Finland |                       |                       | —813          |

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

<sup>1</sup> Preliminary figures

by 7 per cent, while travel expenditure increased by 19 per cent. The surplus of 434 million marks on the travel account in 1981 swung into a deficit of 116 million marks. The surplus of 381 million marks recorded on the »Other services» account in January—September last year increased by 561 million marks to reach 942 million marks.

Interest expenses on borrowing abroad totalled 6 193 million marks. With interest earnings from foreign receivables amounting to 2 170 million marks, the investment income account showed a deficit of 4 023 million marks for January—September. This was 764 million marks more than in the corresponding period of last year. The unrequited transfers account registered a deficit of 558 million marks for January—September.

Drawings of long-term loans totalled 7 828 million marks in January—September, or 2 544 million marks more than in the corresponding period of last year. The central government's drawings of long-term loans amounted to 3 328 million marks. Redemptions of long-term loans amounted to 3 244 million marks, which was 279 million marks more than in the corresponding period of 1981. Drawings of long-term export credits granted to foreign customers totalled 1 450 million marks and redemptions of outstanding export credits 818 million marks. Finnish direct investment abroad reached 656 million marks and foreign direct investment in Finland 157 million marks. The net inflow of long-term capital amounted to 3 214 million marks in January—September. This was 1 870 million marks more than in the corresponding period of last year.

The short-term capital account (incl. errors and omissions in the balance of payments) showed a deficit of 555 million marks. The short-term import debt declined by 1 633 million marks in January—September. Pre-payments and receivables related to exports declined, in net terms, by 1 647 million marks. The net short-term foreign debt of the authorized banks fell by 1 890 million marks.

The overall balance showed a surplus of 813 million marks for January—September. The convertible foreign exchange reserves of the Bank of Finland declined by 1 384 million marks, while receivables in tied currencies increased by 2 197 million marks. Allowing for the impact of exchange rates, the convertible foreign exchange reserves of the Bank of Finland amounted to 6 125 million marks and the tied foreign exchange reserves to 4 306 million marks at the end of September.

At the end of September, Finland's net foreign debt amounted to 33 351 million marks, of which the central government accounted for 15 045 million marks. The net long-term debt amounted to 37 495 million marks and net short-term assets to 4 144 million marks.

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(continued from page 2)

Recent economic developments both at home and abroad have served to underline the severity and duration of the current recession. In these circumstances, the uncertainty concerning central government finances would seem to be biased towards larger deficits. So far the growth in central government debt has been kept reasonably well under control and the long-term state debt is likely to be about 12 per cent of GDP at the end of 1982, which is a fairly moderate figure by international standards.

November 23, 1982

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# BANK OF FINLAND

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## Board of Management

Ahti Karjalainen  
*Chairman*

Rolf Kullberg  
*Vice Chairman*

Pentti Uusivirta

Ele Alenius

Harri Holkeri

Seppo Lindblom

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## Directors

Markku Puntila

Eino Helenius

Pentti Koivikko

Kari Nars

Antti Lehtinen

Sirkka Hämäläinen

---

## Senior officials

Timo Männistö  
*Internal Audit*

Ralf Pauli  
*Monetary Policy*

Raimo Hyvärinen  
*Domestic Financing*

Stig G Björklund  
*Payments*

H. T. Hämäläinen  
*Administration*

U. Levo  
*International Legal Affairs*

Ossi Leppänen  
*Accounting*

Anton Mäkelä  
*Personnel*

Reijo Mäkinen  
*Cash*

Heikki Koskenkylä  
*Research Dept.*

Kari Pekonen  
*Exchange Policy*

M. Vanhala  
*Foreign Exchange*

Kari Holopainen  
*Bilateral Trade*

Pekka Tukiainen  
*Foreign Financing*

J. Ojala  
*Exchange Control*

Seppo Kostiainen  
*Deputy, Economics Dept.*

Markku Pietinen  
*Information*

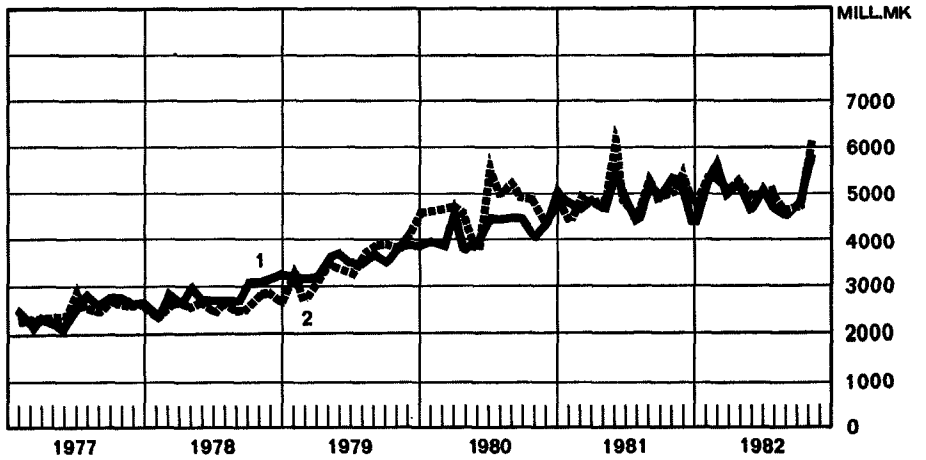
Erkki Vehkamäki  
*Data Processing*

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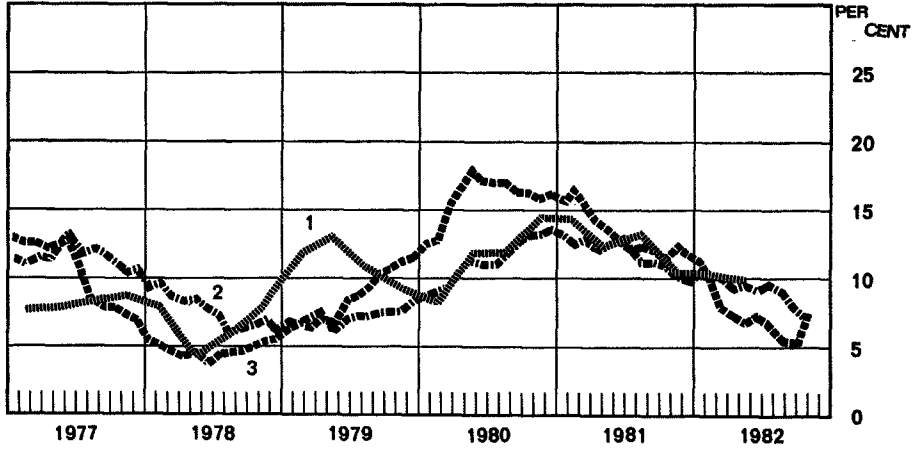
**FOREIGN TRADE, 1977-82**

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



**PRICES AND WAGES, 1977 - 1982**

- 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 on previous year



**PRODUCTION, 1977-82**

- 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

