



BANK OF FINLAND

Monthly Bulletin

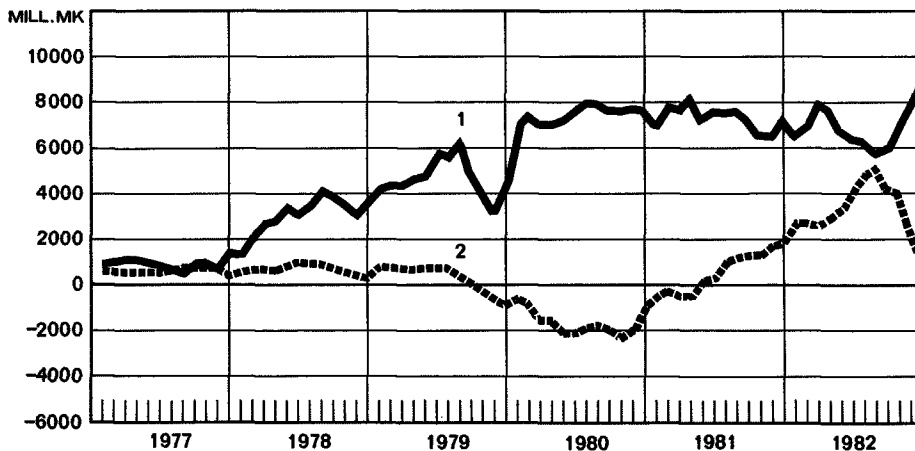
Investment activity

Local government in Finland

FEBRUARY 1983

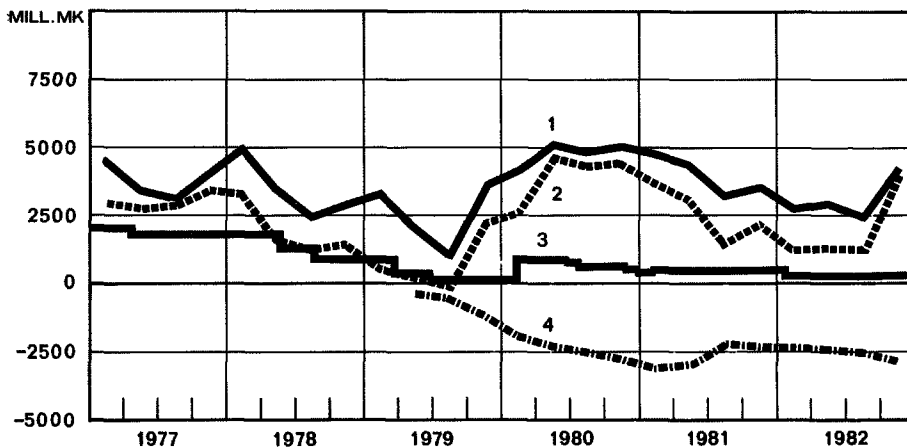
Vol. 57 No. 2

BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1977 - 1982



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

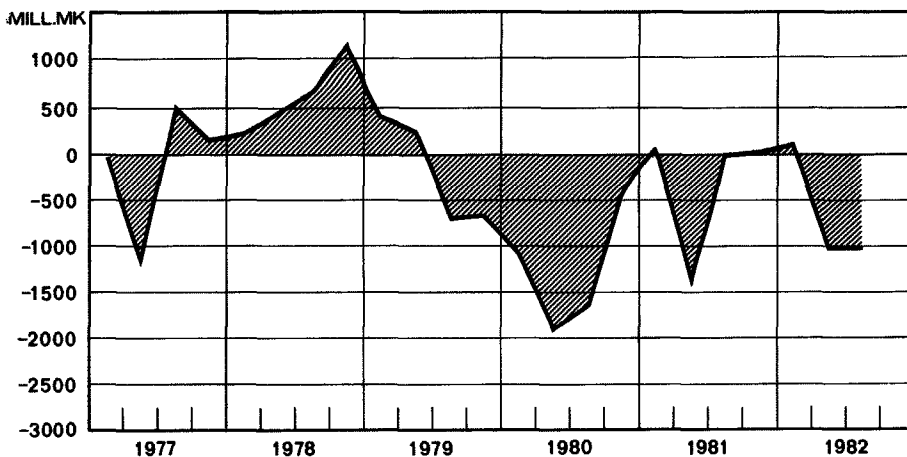
COMMERCIAL BANKS' CENTRAL BANK POSITION, 1977-1982



- 1. Total central bank debt
- 2. Actual central bank debt
- 3. The quotas
- 4. Cash reserve deposits

Quarterly average of daily amounts (1, 2 and 4)

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1977-82



Seasonally adjusted quarterly figures

INVESTMENT ACTIVITY

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Because of the persisting international recession, the Finnish economy has now experienced two successive years of stagnation. The manufacturing sector has suffered from declining exports, which have made severe inroads on output and profitability. Owing to the relative stability prevailing during the preceding years, the Finnish authorities have, however, been able to mitigate the effects on output and employment. The adopted expansive economic policy stance has supported domestic demand so that fixed investment has remained fairly stable despite the increasing uncertainty about cyclical prospects. The devaluations of the Finnish mark by a total of 10 per cent in October and the accompanying general fiscal policy measures designed to improve the competitiveness of the open sector will be felt with a lag and they did not influence developments in 1982. According to preliminary estimates, the volume of total fixed investment fell by some 2 per cent last year.

In manufacturing, capacity utilization has continued to fall as a result of a decrease in production and a simultaneous growth of the capital stock, but it still remains considerably above the levels recorded during the previous recession. Profitability in the corporate sector has also weakened because exports of many important Finnish products have fallen sharply in both volume and price terms as a result of sluggish demand. Investment activity has mainly been sustained by the continuation of investment projects started earlier.

The Bank of Finland investment inquiry carried out in December suggests that industrial investment grew by some 3 per cent last year. As was also the case in 1981, the growth

was mainly due to lively investment activity in the energy sector, where efforts were made to substitute domestic energy sources for imports. In manufacturing, the performance was mixed. Investment activity increased in the metal industry, where export prospects still remained relatively good. In the forest industries, investment decreased markedly, since exports of forest products were severely hampered by the prolonged recession in Finland's Western export markets. The volume of investment in other manufacturing reached the same level as in 1981 on account of brisk investment activity in the manufacture of food, in textile, wearing apparel and leather industries as well as in the manufacture of chemicals and chemical products. By contrast, investment in printing and publishing industries declined markedly.

ANNUAL PERCENTAGE CHANGES IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT IN 1981 AND 1982 AND PLANNED CHANGES FOR 1983¹, ACCORDING TO THE BANK OF FINLAND INVESTMENT INQUIRY OF DECEMBER 1982

	1981	1982	1983
<i>By industrial sector</i>			
Forest industries	2	-12	-19
Metal industry	10	7	-13
Other manufacturing	-9	1	9
Total manufacturing	-2	-2	-6
Electricity, gas and water	11	30	-20
<i>By type of investment</i>			
Building investment	-5	2	-9
Investment in machinery and equipment	3	3	-9
Total industrial fixed investment	0	3	-9

¹ For forecast purposes, information on planned investment is usually revised by means of realized investment functions derived from earlier inquiries. Evidence suggests that future investment generally tends to be underestimated.

In the sheltered corporate sector, capacity utilization and profitability have remained at a relatively high level as compared with the open sector. The abolition of the special tax on most service sector investments (see front article, Bulletin 2/1981) from the beginning of September 1981 in districts outside Helsinki and from the beginning of February 1982 in the greater Helsinki area has led to a revival in investment in the sheltered sector, mainly in trade and financing activities. The marked increase in building permits suggests that the growth is likely to continue in 1983. On the other hand, residential construction fell somewhat during 1982, and the figures for housing starts imply that it will reach approximately the same level in 1983 as in the preceding year.

The October 1982 devaluations and the accompanying measures designed to improve the financial position of Finnish companies will be felt with a lag, and the full impact not until 1984. One of the most important decisions for the corporate sector was the sales tax concession on investments in industrial machinery and equipment, which was raised from 33.3 per cent to 80 per cent as from November 1, 1982; both it and the total exemption from sales tax of new industrial buildings have been made permanent. These measures may have contributed somewhat towards limiting the fall in planned industrial investments in a situation where the deteriorating international cyclical prospects could have prompted firms to cut back their earlier investment plans more sharply.

The Bank of Finland inquiry nevertheless suggests that industrial investment activity is going to fall off in 1983. Companies' plans suggest that the volume of both building investment and investment in machinery and equipment will decrease this year. Of the main industrial sectors, both the forest industries and the metal industry forecast a cutback in their investments, as they did in the inquiry of June 1982. On the other hand, investment plans have been revised upwards in other manufacturing, where investment projects seem to have been postponed from 1982 to this year. The vigorous expansion of investment activity in the energy sector has come to an end, and investment in that sector will decrease considerably.

It is generally assumed that an international upturn will get under way in the latter half of the current year. Even though the Finnish economy should begin to recover towards the end of the year, growth for the year as a whole should stay at a fairly low level. According to the Bank of Finland investment inquiry, half of the industrial firms expect their capacity utilization to remain at the same level in 1983 as in 1982 and 22 per cent of them anticipate that it will rise during the first half of this year. In the latter half of the year, as much as 35 per cent of the firms forecast a rise in their capacity utilization, an indication of the fact that firms expect a revival in the demand towards the end of the year.

January 21, 1983

BANK OF FINLAND

Mill. mk

	1982		1983			
	Jan. 29	Dec. 31	Jan. 7	Jan. 14	Jan. 21	Jan. 31
Assets						
Gold and foreign exchange receivables	9 550	10 552	10 466	9 484	10 271	10 644
Gold	1 382	1 382	1 382	1 382	1 382	1 382
Special drawing rights	632	609	607	607	611	613
IMF reserve tranche	394	453	451	451	454	455
Foreign bonds	1 381	765	769	576	569	523
Convertible currencies	2 921	5 813	5 436	4 531	4 937	5 169
Tied currencies	2 840	1 530	1 821	1 937	2 318	2 502
Other foreign receivables	1 606	3 963	3 960	3 964	3 972	3 970
Mark subscription to Finland's IMF quota	1 606	1 843	1 843	1 843	1 843	1 843
Term receivables	—	2 120	2 117	2 121	2 129	2 127
Receivables from financial institutions	2 873	5 409	4 977	6 065	5 081	3 274
Banks' cheque accounts	521	169	429	383	458	379
Call money market advances	979	3 126	2 460	3 689	2 544	708
Till-money credits	710	889	863	752	798	899
Bonds	625	1 179	1 178	1 178	1 225	1 232
Other financial institution receivables	38	46	47	63	56	56
Receivables from the public sector	1 262	1 040	1 036	1 051	1 092	1 113
Government promissory notes	354	—	—	—	—	—
Bonds	406	435	441	448	486	504
Total coinage	487	559	561	562	566	572
Other public sector receivables	15	46	34	41	40	37
Receivables from corporations	4 643	4 990	4 973	4 996	5 004	5 015
Financing of exports	1 736	1 788	1 760	1 781	1 788	1 764
Financing of domestic deliveries	2 191	2 514	2 526	2 527	2 530	2 567
Bonds	196	163	162	162	159	159
Other corporate receivables	520	525	525	526	527	525
Other assets	89	99	100	102	100	101
Total	20 023	26 053	25 512	25 662	25 520	24 117
Liabilities						
Foreign exchange liabilities	101	22	48	39	37	41
Convertible accounts	93	17	37	32	27	27
Tied accounts	8	5	11	7	10	14
Other foreign liabilities	2 597	5 410	4 868	3 812	3 832	3 849
IMF mark accounts	1 871	1 927	1 927	1 927	1 927	1 927
Allocations of special drawing rights	726	833	831	830	836	839
Term liabilities	—	2 650	2 110	1 055	1 069	1 083
Notes and coins in circulation	5 257	6 062	5 903	5 788	5 751	5 711
Notes	4 827	5 572	5 418	5 306	5 270	5 230
Coins	430	490	485	482	481	481
Deposit certificates in circulation	1 000	1 700	2 200	2 800	2 680	1 580
Claims of financial institutions	4 239	4 791	4 385	5 054	4 990	4 706
Banks' cheque accounts	0	6	1	24	1	32
Call money market deposits	1 380	1 470	1 083	1 730	1 693	1 308
Cash reserve deposits	2 605	3 132	3 132	3 132	3 130	3 254
Capital import deposits	244	177	163	150	135	69
Other financial institution claims	10	6	6	18	31	43
Claims of the public sector	434	50	51	50	50	0
Cheque accounts	0	1	1	0	1	0
Counter-cyclical reserves	387	—	—	—	—	—
Counter-cyclical deposits	3	—	—	—	—	—
Capital import deposits	43	49	50	50	49	—
Other public sector claims	1	0	0	0	0	0
Claims of corporations	1 419	1 687	1 669	1 668	1 684	1 678
Deposits for investment and ship purchase	1 409	1 416	1 397	1 389	1 388	1 381
Capital import deposits	—	265	267	268	267	267
Export deposits	—	—	—	—	—	—
Other corporate claims	10	6	5	11	29	30
Other liabilities	14	23	23	19	15	15
Equalization accounts	640	1 609	1 656	1 718	1 757	1 803
Capital accounts	4 322	4 699	4 709	4 714	4 724	4 734
Primary capital	3 000	3 000	3 000	3 000	3 000	3 000
Reserve fund	1 032	1 032	1 365	1 365	1 365	1 365
Undisposed profits	281	—	334	334	334	334
Net earnings	9	667	10	15	25	35
Total	20 023	26 053	25 512	25 662	25 520	24 117

BANK OF FINLAND

Mill. mk

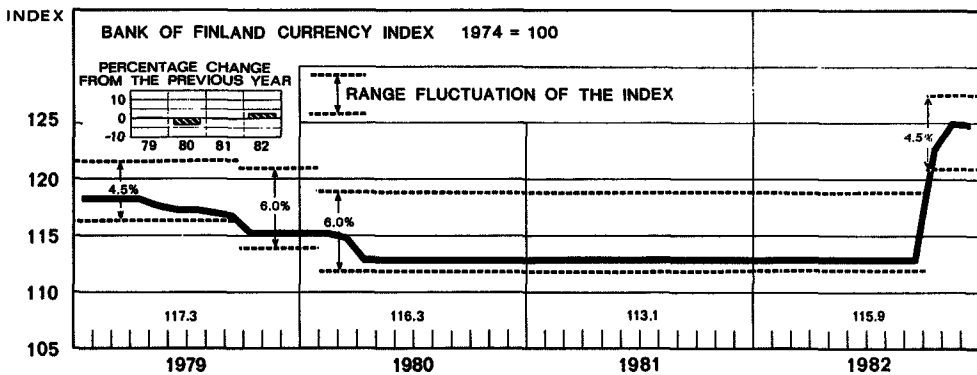
End of year or month	Foreign sector							Public sector			
	Gold SDRs, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities	Net liabilities (9-8)	Deposit certificates in circulation
	1	2	3	4	5	6	7	8	9	10	11
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
1982	2 444	765	5 796	9 005	1 525	-1 447	9 083	1 040	50	-990	1 700
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
Dec.	2 444	765	5 796	9 005	1 525	-1 447	9 083	1 040	50	-990	1 700
1983											
Jan.	2 450	523	5 142	8 115	2 488	121	10 724	1 113	0	-1 113	1 580

FOREIGN EXCHANGE POSITION

Mill. mk

	Net holdings, Dec. 31, 1981			Net holdings Nov. 30, 1982			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Nov.	Jan.-Nov.
Gold	1 382	—	1 382	1 382	—	1 382	—	—
Special drawing rights	632	—	632	531	—	531	-38	-101
IMF reserve tranche	394	—	394	397	—	397	—	+3
Foreign bonds	1 405	—	1 405	752	—	752	+43	-653
Convertible currencies	3 646	-7 748	-4 102	4 946	-8 584	-3 638	-940	+464
Total	7 459	-7 748	-289	8 008	-8 584	-576	-935	-287
Tied currencies	1 909	-122	1 787	2 697	-183	2 514	-1 408	+727
Grand total	9 368	-7 870	1 498	10 705	-8 767	1 938	-2 343	+440

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
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
1982	—	163	3 126	1 470	3 132	-1 931	618	4 302	999	3 303	6 062
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
Dec.	—	163	3 126	1 470	3 132	-1 931	618	4 302	999	3 303	6 062
1983											
Jan.	—	347	708	1 308	3 254	-2 075	-1 432	4 331	994	3 337	5 711



MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks, mill. mk	Cash reserve deposits of the commercial banks, mill. mk	Bank of Finland placements in the call money market, mill. mk	Base rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9	10
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
1982	3 166	1 985	417	2 777	2 426	1 571	8.81	11.64	11.99	..

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	2 686 ^f	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	8.97
Nov.	4 247	4 088	400	3 100	2 714	3 690	8.50	11.50	13.24	8.95
Dec.	4 242	3 765	400	3 119	2 723	3 367	8.50	11.50	13.30	..

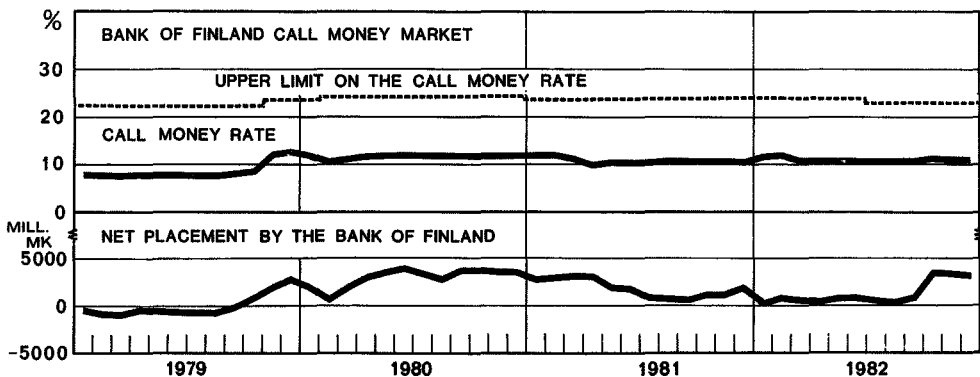
1983

Jan.	2 963	1 410	400	3 135	2 751	1 011	8.50	11.00
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See explanations on page 24

¹ End of period.

² 1. 9.—31. 12. 1975.



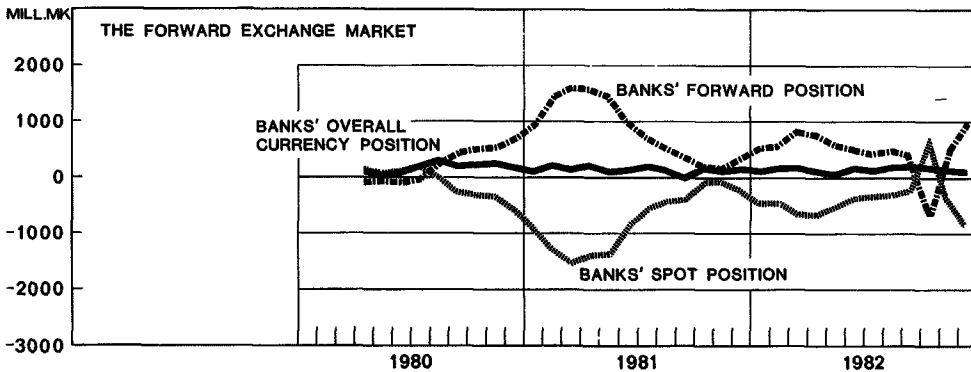
FORWARD EXCHANGE MARKETS IN FINLAND

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
1982	11 128.0	2 116.7	9 011.4	-865.1	-6 827.2	1 104.0	3.9	3.8	3.4

1981									
Month	Assets	Liabilities	Net	Foreign Banks	Bank of Finland	Overall	1 month	3 months	6 months
	1	2	3	4	5	6	7	8	9
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									
Month	Assets	Liabilities	Net	Foreign Banks	Bank of Finland	Overall	1 month	3 months	6 months
	1	2	3	4	5	6	7	8	9
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
Nov.	8 921.5	2 199.9	6 721.6	-692.8	-5 027.6	917.4	4.7	4.6	4.5
Dec.	11 128.0	2 116.7	9 011.4	-865.1	-6 827.2	1 104.0	3.9	3.8	3.4

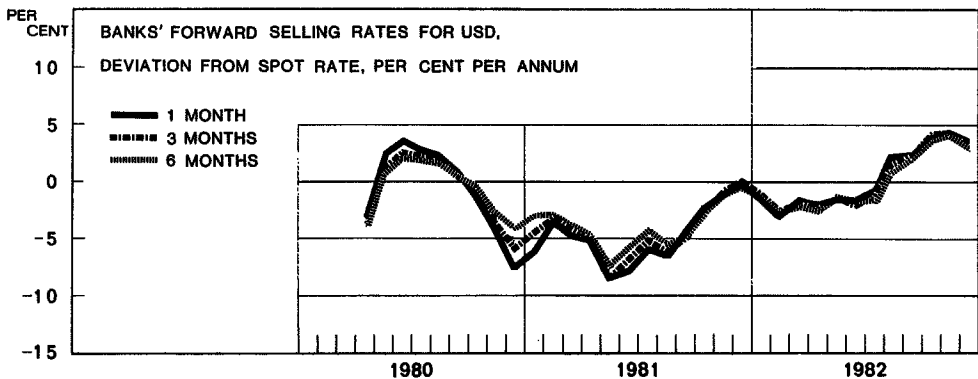
See explanations on page 24.



FOREIGN EXCHANGE RATES

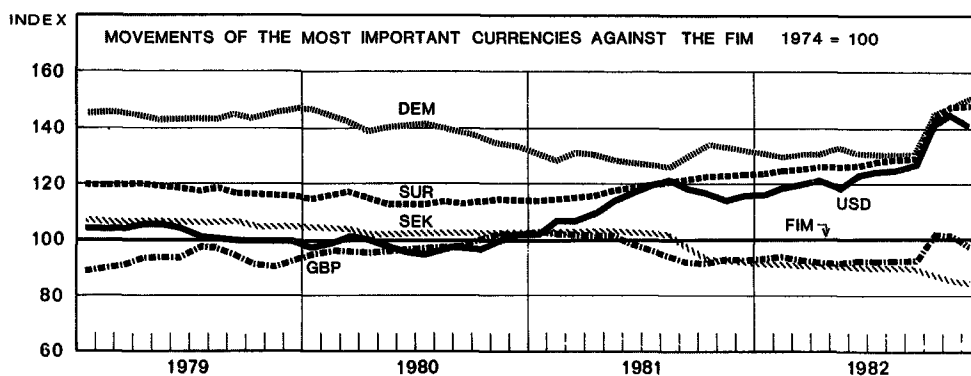
Average selling rates for foreign exchange, mk

Period	New York 1 US \$ USD	Montreal 1 C \$ CAD	London 1 £ GBP	Dublin 1 Ir£ IEP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Amsterdam 100 Hfl NLG	Brussels 100 FB BEC	BEL
	1	2	3	4	5	6	7	8	9	10	11
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
1982	4.820	3.913	8.423	6.854	77.03	74.84	57.93	198.76	180.66	10.584	9.859
1981											
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
Dec.	5.353	4.331	8.673	7.390	72.92	76.25	62.86	221.55	200.75	11.297	10.980
1983											
Jan.	5.317	4.332	8.397	7.417	72.78	75.57	63.27	222.95	202.42	11.370	10.869



Average selling rates for foreign exchange, mk

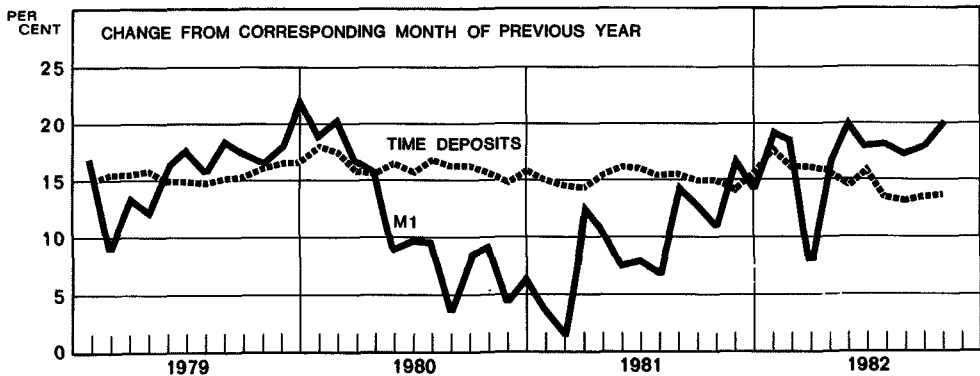
Zurich 100 Sfr CHF	Paris 100 FF FRF	Rome 100 Lit ITL	Vienna 100 ÖS ATS	Lisbon 100 Esc. PTE	Reykjavik 100 lkr ISK	Madrid 100 Ptas ESP	Tokyo 100 Y JPY	Moscow 1 Cl Rbl SUR	I special drawing right SDR	Currency index 1974 = 100
12	13	14	15	16	17	18	19	20	21	22
154.86	81.09	0.468	21.59	12.89	2.14	5.80	1.307	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
237.79	73.65	0.358	28.31	6.13	40.79	4.41	1.943	6.624	5.305 63	115.9
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
261.40	78.33	0.385	31.52	5.90	32.80	4.27	2.217	7.446	5.847 79	125.0
270.53	78.77	0.389	31.79	5.79	29.19	4.21	2.289	7.450	5.837 67	125.0



DEPOSITS BY THE PUBLIC

Mill. mk

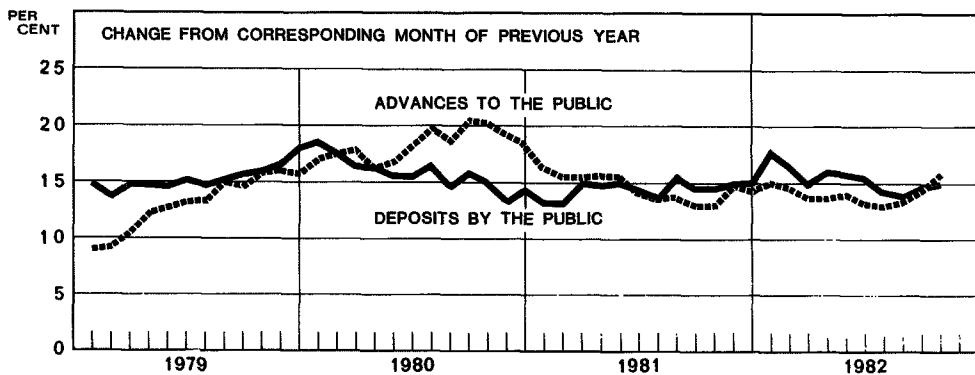
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commer- cial banks	Savings banks & Co-op. banks	Posti- pankki	All deposit banks	Commercial banks	Savings banks	Co-op. banks	Posti- pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	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										
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
Sept.	6 439	3 525	3 480	13 444	27 382	24 950	20 270	8 280	80 882	94 326
Oct.	6 093	3 654	3 807	13 554	27 894	25 102	20 437	8 304	81 737	95 291



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 ₁	M ₁ +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										
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
Sept.	44 472	24 674	22 611	11 887	89 645	3 881	10 118	103 644	18 958	102 482
Oct.	46 174	25 069	22 964	12 295	91 156	3 813	11 533	106 502	19 091	103 523



STATE FINANCES

Mill. mk

Revenue	Jan.-Nov.		Expenditure	Jan.-Nov.	
	1981	1982		1981	1982
Income and wealth tax (net)	16 134	16 307	Wages, salaries, pensions etc.	8 353	9 654
Gross receipts	37 218	39 051	Repair and maintenance	1 074	1 162
Refunds & local authorities	-21 084	-22 744	Other consumption expenditure	4 748	5 741
Other taxes on income and wealth	281	379	Total consumption expenditure	14 175	16 557
Employers' child allowance payments	58	1	State aid to local authorities	10 661	12 240
Sales tax	12 484	14 017	State aid to industries	7 477	8 738
Customs duties and import charges and levies	1 292	1 483	of which: agric. price subsidies	3 245	3 694
Excise duties	9 117	10 414	Child allowances	1 668	1 611
Excise duty on alcoholic beverages	2 742	3 078	Share in national pensions and sickness insurance schemes	504	769
Excise duty on tobacco	1 141	1 297	Other transfer expenditure	6 420	7 667
Excise duty on liquid fuel	2 761	3 117	Total transfer expenditure	26 730	31 025
Other excise duties	2 473	2 922	Machinery and equipment	1 467	1 536
Tax on autom. and motor-cycles	1 517	1 732	Construction of buildings	703	790
Stamp duties	1 082	1 261	Land and waterway construction	1 841	2 042
Special diesel etc. vehicles tax	174	199	Total real investment	4 011	4 368
Other taxes and similar revenue	1 155	1 330	Interest on State debt	1 284	2 047
Total taxes	43 294	47 123	Net deficit of State enterprises	-128	-121
Miscellaneous revenue	3 105	3 456	Other expenditure	24	25
Interest, dividends etc.	977	1 439	Total other expenditure	1 180	1 951
Redemptions of loans granted	776	932	Increase in inventories	-122	-105
Total revenue	48 152	52 950	Lending	3 003	3 541
Foreign borrowing	2 635	3 304	Other financial investment	497	530
Domestic borrowing	2 409	4 186	Total expenditure	49 474	57 867
Total borrowing	5 044	7 490	Redemption of foreign loans	352	899
Deficit (+) or surplus (-)	-2 021	172	Redemption of domestic loans	1 349	1 846
Total	51 175	60 612	Total redemptions	1 701	2 745
			Total	51 175	60 612

State debt	1979	1980	1981 ¹	1982		
	Dec.	Dec.	Dec.	Sept.	Oct.	Nov.
Foreign debt	8 964	10 341	13 331	16 331	18 339	18 302
Long-term debt	6 051	7 585	8 762	9 955	10 425	10 945
Short-term credit	174	40	9	62	73	90
Domestic debt	6 225	7 625	8 771	10 017	10 498	11 035
Total State debt	15 189	17 966	22 102	26 348	28 837	29 337
Total debt mill. \$	4 061	4 642	5 052	5 482	5 382	5 301

¹ 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

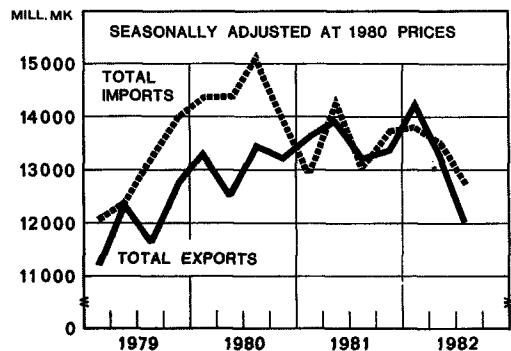
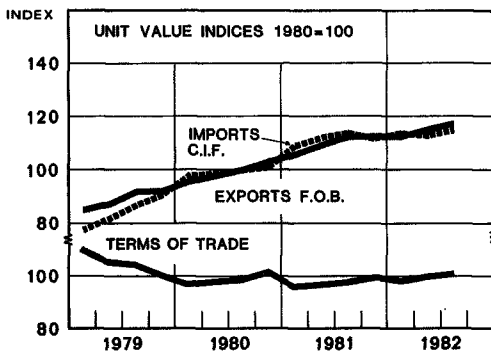
Mill. mk

Value, mill. mk

Period	Value, mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
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			
Dec.	4 944	5 712	-768
1982*			
Jan.	5 330	5 004	+326
Feb	5 472	4 786	+686
March	5 294	4 983	+311
April	5 079	5 379	-300
May	5 118	4 918	+200
June	5 416	4 982	+434
July	4 285	4 844	-559
Aug.	4 261	5 460	-1 199
Sept.	4 785	5 004	-219
Oct.	5 624	5 862	-238
Nov.	6 309	6 144	+165
Jan.-Nov.			
1981	55 364	55 557	-193
1982*	56 973	57 366	-393

Indices of exports and imports
1980 = 100

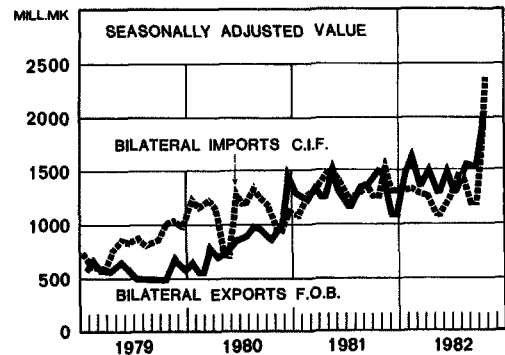
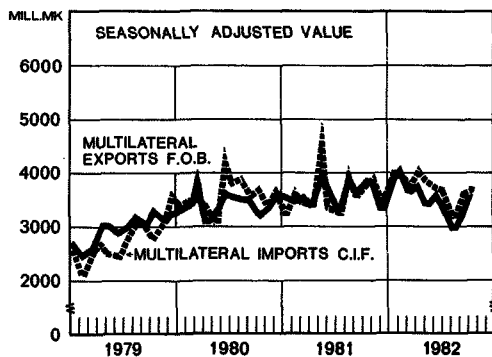
Period	Indices of exports and imports 1980 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
1976	71	86	65	57	114
1977	78	79	75	67	113
1978	84	75	80	74	108
1979	92	89	90	86	105
1980	100	100	100	100	100
1981	103	94	111	112	99
1981					
Apr.-June	95	96	99	100	99
July-Sept.	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.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
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										
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	1 615	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	267	701	682	19
June	80	583	1 445	1 789	1 519	3 229	469	640	638	6
July	45	421	1 293	1 571	955	3 042	449	713	613	27
Aug.	58	481	1 398	1 029	1 295	3 583	499	625	728	25
Sept.	64	517	1 375	1 346	1 483	3 158	391	640	771	44
Oct.	62	566	1 582	1 724	1 690	3 611	559	764	845	83
Nov.	56	596	1 354	2 647	1 656	3 572	657	975	894	46
Jan.-Nov.										
1981	1 711	6 314	15 727	13 641	17 971	35 338	4 689	8 052	7 383	95
1982*	1 410	5 647	15 975	16 717	17 224	36 368	4 278	8 211	8 246	263



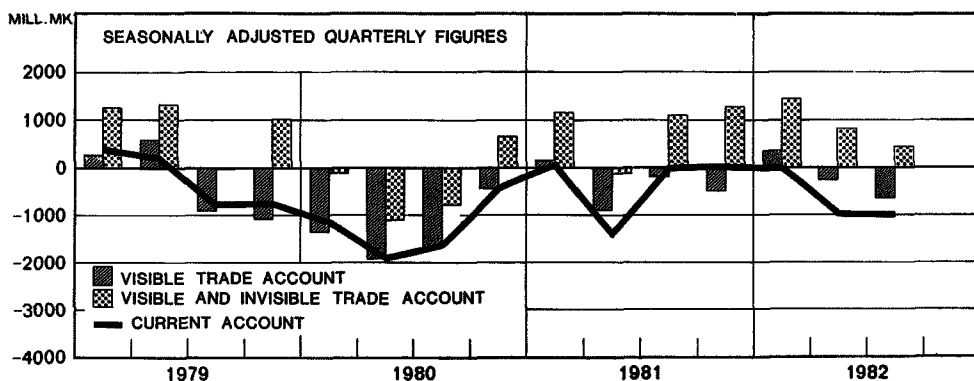
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January—November				January—November			
	1981*		1982*		1981*		1982*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	56.8	31 469	55.3	31 510	50.5	28 036	52.7	30 238
Austria	0.6	338	0.7	382	1.2	662	1.3	732
Belgium and Luxembourg	1.5	820	1.4	776	1.7	950	1.8	1 020
Denmark	3.3	1 799	3.7	2 120	2.2	1 231	2.4	1 357
France	3.9	2 145	4.0	2 283	3.2	1 766	3.2	1 823
Federal Republic of Germany	9.2	5 078	9.2	5 261	12.2	6 750	13.3	7 635
Italy	1.9	1 058	1.8	1 029	2.3	1 276	2.6	1 505
Netherlands	3.4	1 881	3.1	1 761	2.6	1 472	2.7	1 564
Norway	4.8	2 669	5.1	2 911	2.5	1 412	2.2	1 245
Portugal	0.3	165	0.2	127	0.5	261	0.6	340
Spain	0.7	405	0.8	439	0.7	362	0.7	392
Sweden	13.5	7 481	12.1	6 922	11.0	6 105	12.4	7 111
Switzerland	1.3	743	1.3	751	1.7	927	1.7	958
United Kingdom	10.8	5 962	10.3	5 837	8.1	4 524	7.3	4 213
Other	1.6	925	1.6	911	0.6	338	0.5	343
OECD countries outside Europe	6.1	3 381	5.8	3 309	12.2	6 788	11.9	6 798
Canada	0.7	373	0.7	403	0.7	375	0.9	520
Japan	0.8	414	1.0	596	3.7	2 068	4.3	2 462
United States	3.7	2 066	3.1	1 765	7.5	4 174	6.3	3 620
Other	0.9	528	1.0	545	0.3	171	0.4	196
CMEA countries	26.4	14 597	29.1	16 574	27.1	15 069	27.3	15 670
Czechoslovakia	0.3	143	0.4	230	0.6	338	0.5	311
German Democratic Republic	0.7	373	0.5	304	0.6	345	0.6	354
Poland	0.1	73	0.1	76	1.3	741	1.6	890
Soviet Union	24.6	13 631	27.0	15 351	23.6	13 097	23.7	13 614
Other	0.7	377	1.1	613	1.0	548	0.9	501
Latin America	2.1	1 188	1.1	612	1.9	1 062	2.2	1 295
Argentina	0.4	202	0.2	86	0.1	68	0.1	80
Brazil	0.3	172	0.3	156	0.6	335	0.8	437
Colombia	0.1	78	0.1	73	0.4	241	0.5	305
Other	1.3	736	0.5	297	0.8	418	0.8	473
Other	8.6	4 729	8.7	4 968	8.3	4 602	5.9	3 365
GRAND TOTAL	100.0	55 364	100.0	56 973	100.0	55 557	100.0	57 366
of which								
EFTA countries	20.7	11 469	19.6	11 178	17.0	9 442	18.2	10 455
EEC countries	35.1	19 446	34.7	19 742	32.9	18 265	33.8	19 392
OECD countries	62.9	34 850	61.1	34 819	62.7	34 820	64.6	37 036

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
1979											
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	-938
Oct.-Dec.	12 562	13 496	-934	+821	+5	+36	-72	-550	-84	+29	-677
1980											
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
1981*											
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	-1 636	+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
1982*											
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



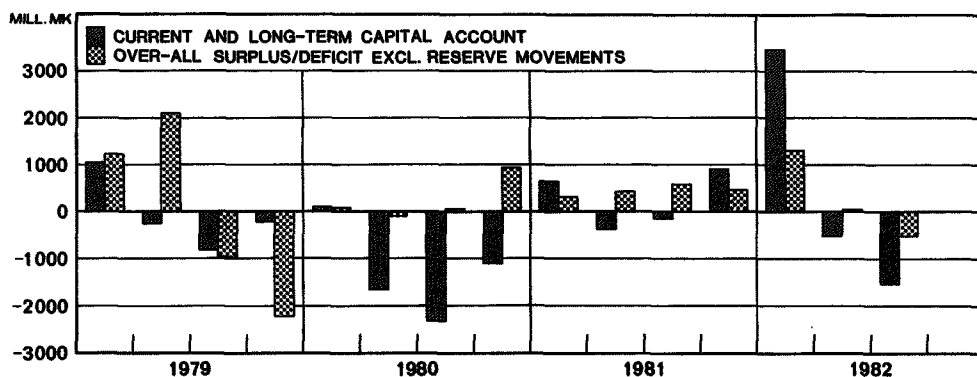
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Short-term capital of authorized banks, net ²	Miscellaneous, short-term capital terms, incl. errors and omissions ²	Over-all surplus deficit excl. reserve movements ²	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 ³	+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 ³	+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 —

¹ Including direct investment, net.

² Reserve movements of other foreign exchange holders have been transferred to the short-term capital account. The short-term capital of the authorized banks is shown separately.

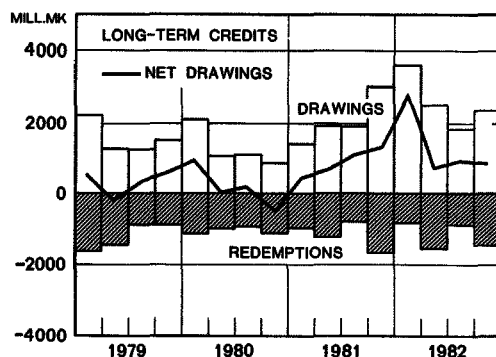
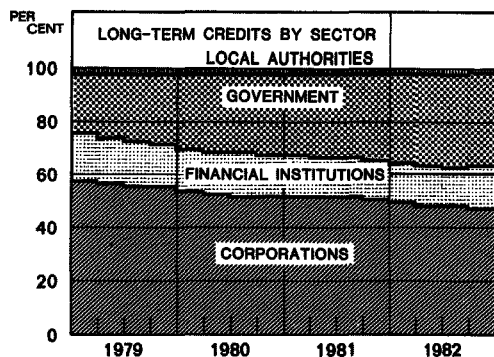
³ Including allocations of special drawing rights: 139 million in 1979, 133 million in 1980 and 131 million in 1981.



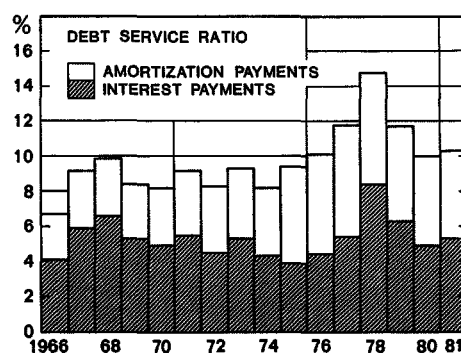
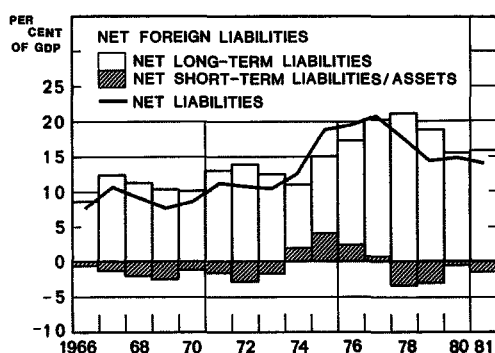
FINLAND'S FOREIGN ASSETS AND LIABILITIES

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
1979										
Sept.	3 419	2 226	1 066	6 711	27 724	4 956	1 930	232	34 842	28 131
Dec.	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980										
March	3 625	2 456	932	7 013	29 122	4 692	1 971	288	36 073	29 060
June	3 534	2 539	967	7 040	28 887	4 517	1 990	268	35 662	28 622
Sept.	3 594	2 649	972	7 215	29 251	4 482	2 029	278	36 040	28 825
Dec.	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
1981*										
March	4 254	2 945	1 229	8 428	30 523	4 455	2 138	442	37 558	29 130
June	4 473	3 161	1 278	8 912	32 814	4 467	2 180	406	39 867	30 955
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
1982*										
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.	5 556	4 084	1 466	11 106	41 198	4 515	2 345	687	48 745	37 639

See explanations on page 24.



Short-term assets				Short-term liabilities							
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)	Net short-term liabilities (18-14)	Net liabilities (10+19)	Debt service, flow	Of which amortization payments, flow
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	33 495	1 843	542



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			
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	1 122	196.2	194.0	203.6	197.9	202.7	186.6	117.7	116.8	117.8

1982

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
Nov.	1 157	202.2	197.2	219.9	203.8	209.2	192.5	121.2	120.4	121.6
Dec.	1 163	203.3	199.3	217.4	205.2	209.6	193.4	121.5	120.4	122.0

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
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	158.3	155.7	177.7	156.0	155.1	181.0	146.7	164.7	158.8	146.2	165.3

1982

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	147.8	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
Nov.	161.3	159.6	176.6	161.8	158.3	181.6	149.6	166.4	160.4	150.3	169.5
Dec.	163.4	157.7	190.2	161.4	158.4	188.9	149.7	166.4	166.5	150.6	171.6

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

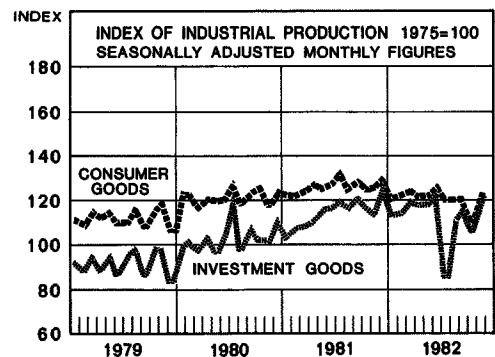
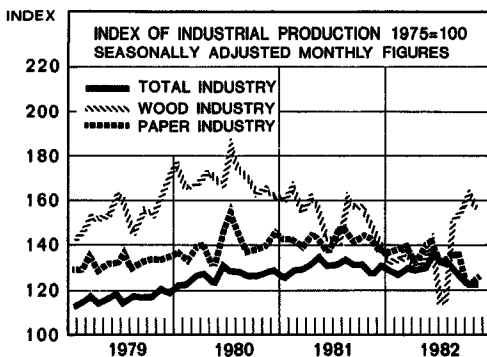
Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1980*										
July-Sept.	117	116	193	96	111	90	123	107	125	114
Oct.-Dec.	126	136	84	168	121	92	131	114	127	120
1981*										
Jan.-March	114	129	73	143	79	89	111	95	129	116
Apr.-June	118	132	90	155	76	93	119	107	129	121
July-Sept.	116	119	160	80	100	91	124	108	130	117
Oct.-Dec.	128	141	80	149	122	96	134	116	132	124
1982*										
Jan.-March	114	129	70	135	74	88	113	96	134	119
Apr.-June	119	131	80	138	73	92	122	108	134	125
July-Sept.	117	115	193	66	100	93	122	110	136	121

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*											
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	127.1	143.7	128.1	173.2	137.5	137.6	144.3	141.8	127.5
Oct.	133.7	119.9	126.9	140.6	141.3	167.3	134.1	134.6	133.5	136.7	124.0
Nov.	138.8	132.7	131.5	143.9	146.1	166.7	135.1	137.1	126.4	147.3	123.7



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 ^r	110	120
1979	3 593	2 223	2 134	139	6.1	44 020 ^r	117	135
1980	3 606	2 315	2 203	112	4.8	47 840 ^r	119	141
1981	3 629	2 369	2 244	125	5.3	44 360 ^r	125	141

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	130	156
Oct.	3 667	2 399	2 255	144	6.0	3 164	140	160
Nov.	3 667	2 401	2 255	146	6.1	4 165

CONSTRUCTION OF BUILDINGS¹

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											
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
July-Sept.	12.35	4.41	1.35	4.53	1.03	8.33	3.41	1.44	2.11	0.84	56.60

¹ 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. The annual figure of the Average lending rate is an unweighted average of the weighted average monthly rates.

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 6 758 (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 m³ (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 m³ was up to the standard required for logs, 66% of these being pine. The annual growth was 65 million m³ and the total drain calculated on the basis of roundwood consumption was 59 million m³

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 8 976 km.

MERCHANT FLEET (Dec. 31, 1982): Passenger vessels 153 (257 015 gross reg. tons), tankers 45 (1 094 675 gross reg. tons), dry cargo vessels 188 (842 959 gross reg. tons), other vessels 97 (15 146 gross reg. tons), total 483 (2 209 795 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 23.5, Skr 16.6, £ 13.1, DM 13.2, \$ 9.5, other currencies 24.1. 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 ¼%.

LOCAL GOVERNMENT IN FINLAND

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MAIN FEATURES OF LOCAL GOVERNMENT IN FINLAND

Local self-government in Finland is based on ancient traditions. In the middle of the last century, the administration of municipalities and parishes was separated and local government became organized along more or less its present lines. Municipalities were also granted the authority to collect taxes from their residents, although the methods of taxation were still rather primitive. The responsibility for the provision of such services as education and the care of the sick and the poor which had previously rested with the parishes in both urban and rural districts was gradually transferred to the municipalities. Although the administration of municipalities has subsequently been modernized and the functions of municipalities expanded, the nature of local government has remained essentially the same since the mid-1800s.

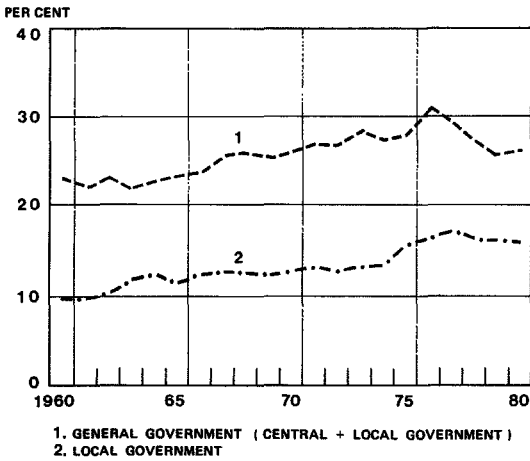
At the beginning of 1982, there were 461 municipalities in Finland. As the country has a total population of 4.8 million, the municipalities are generally very small in terms of number of inhabitants. There are, in fact, only five municipalities with a population of more than 100 000. By contrast, municipalities with less than 4 000 inhabitants total 195, nearly half of which, moreover, have less than 2 000 inhabitants. The local government reform introduced in 1967 set a target population size of not less than 8 000 inhabitants. A minimum of 4 000 inhabitants was, however, regarded as acceptable in cases where the maintenance of a network of community services so demanded. As a result of this reform, the number of municipalities has so far fallen by 76.

At the beginning of 1977, the former three-fold division into cities, boroughs and rural municipalities was abolished and replaced by a municipality of one type. Since then, the provisions of the legislation on local government have applied equally to all municipalities, whereas previously the rights and responsibilities of different types of municipality differed from each other to some extent. For example, certain juridical functions formerly administered by the cities were transferred to the central government.

The highest authority in a municipality lies with the municipal council, which is elected directly by proportional representation for a term of four years and has 17 to 85 members, depending on the number of inhabitants in the municipality. The comparatively large number of members is intended to ensure that a broad spectrum of political views is represented on the council. Under the council is the municipal board, which the council elects to prepare matters the council is to handle and to perform executive and other administrative functions. To assist the board in its work, the council appoints various committees, some of which are statutory. In charge of the administration of the municipality is the mayor, who is a public official responsible to the board.

In keeping with the principles of local self-government, the functions of the municipalities are not clearly defined. Municipalities are required to carry out those obligations entrusted to them in law (statutory functions) and to attend to other local community affairs (optional functions). As a rule, the statutory functions are activities which have to be organized in a broadly similar way throughout

CHART 1. SHARES OF GENERAL AND LOCAL GOVERNMENT IN NATIONAL DISPOSABLE INCOME IN 1960—1980, PER CENT



The dividing line between statutory and other functions is somewhat vague, but the former are nowadays estimated to account for 80—90 per cent of all local government spending.

Earlier, the municipalities were forbidden by law to engage in business for profit. Today, such activity is permitted as long as its primary purpose is something other than the pursuit of profit, as, for instance, maintaining employment or ensuring the availability of services to the community. Business enterprises operated by local authorities are to be found in such fields as energy and water supply, sewage disposal, telephone services and public transport, where normally charges are intended to cover only costs.

Local government activities are financed mainly by local tax revenue, central government grants, receipts from the sale of goods and services, and loans, as is described in more detail below.

With the increasing emphasis on planning in the 1970s, local authorities were required to draw up 5-year plans for the management of, among other things, health care, the care of the mentally handicapped, child day care and employment. The health care and welfare plans are linked to the state's planning system and are confirmed by the appropriate central government authority. Nowadays, municipalities are also required to prepare a general municipal plan covering at least the next five years ahead. This plan should include proposals for the general improvement of conditions in the municipality as well as for the conduct of administration, the management of financial affairs and the location of activities in the community.

State supervision of local authorities chiefly involves ensuring that they perform their functions in compliance with the law. In some areas, such as education, health care and certain welfare services, local government activities are specified in considerable detail in parliamentary statutes and in decrees and guidelines issued by the central authorities. In the field of public health and welfare

the country but which call for some degree of local expertise. The most important of these are compulsory basic education and vocational training, health care and social welfare, fire-fighting and rescue services, and community planning. Optional functions for the municipalities are those relating to adult education, the provision of sports, recreational and cultural facilities, and youth work (Table 1).

TABLE 1. PERCENTAGE DISTRIBUTION OF GENERAL GOVERNMENT FINAL CONSUMPTION EXPENDITURE BY PURPOSE IN 1980

Purpose	Distribution by purpose	Distribution of expenditure item by government sub-sector		
		Central government	Local government	Social security funds
General administration and external affairs	10.3	51.9	48.1	—
Public order and safety	6.1	78.7	21.3	—
Defence	7.8	100.0	—	—
Education	26.5	22.5	77.5	—
Health	21.4	3.3	96.7	—
Social security and welfare	12.8	2.4	74.9	22.7
Housing and community amenities	3.5	26.6	73.4	—
Recreation and culture services	3.0	7.2	92.8	—
Transport and communication	5.4	72.4	27.6	—
Other economic services	2.7	94.6	5.4	—
Other purposes	0.5	100.0	—	—
Total	100.0	33.0	64.1	2.9

services, municipal activities are also circumscribed to a large degree by the procedure applied in approving the 5-year plans.

The municipality is often too small a unit to effectively carry out its functions by itself and consequently collaboration of various kinds among municipalities is widespread. The most common form of cooperation is the joint authority, which municipalities can set up to perform one or more functions. At present, there are about 400 joint authorities. Most of these have been established to provide health care, the largest in regional coverage being those set up to administer the central hospitals when the state transferred control of them to the municipalities in 1957. Also extensive in area are the joint authorities formed for the purpose of regional planning. The use of joint authorities can be regarded as a substitute for the intermediate stage of self-government which is otherwise lacking in Finland.

The joint authorities have their own administration and finances. The decision-making organ is the joint authority council, members of which are chosen by the municipal councils of member municipalities. Administration is in the hands of a joint authority board elected by the joint authority council.

Expenditure by joint authorities is financed out of subscriptions by member municipalities, augmented by grants from the central government, receipts from the sale of goods and services, and loans. The autonomy which joint authorities enjoy frequently poses problems for their members. The financial room for manoeuvre of the small municipalities, in particular, is much reduced when a large number of their functions are carried out by joint authorities.

RECENT DEVELOPMENTS IN LOCAL GOVERNMENT EXPENDITURE

Developments in the functions of municipalities have been largely influenced by changes in the needs of inhabitants accompanying structural

shifts in settlement patterns and in the economic activities of the population as well as by changing views as to which tasks should be assigned to society. The functions performed by local authorities have expanded from poor relief into a comprehensive network of services, including those enhancing the quality of life.

Most of the increase in local government expenditure in the 1960s was attributable to the upgrading of basic services and the extension of their coverage. Efforts were focussed on improving the efficiency of basic education and lengthening the period of compulsory schooling, expanding vocational training, creating a comprehensive network of hospitals and providing special institutions for the care of the mentally handicapped. Responsibility for recreational and cultural services, which, although subsidized by local authorities, had previously been in the hands of private organizations, was gradually transferred to the municipalities. Migration from the countryside to urban centres necessitated improvements in transport and increased the need for new services in general.

The early 1970s saw the start of three extensive reforms involving the comprehensive school, municipal day care for children and health centres. These reforms have not yet been completed in full, but the additional outlays necessary for their implementation have already declined noticeably.

The school reform, which was effected in stages between 1972 and 1977, incorporated all compulsory basic education in the comprehensive school. Prior to this, the period of compulsory schooling had been extended to 8 or 9 years. Under the old system, children could receive all or part of their compulsory education in primary schools run by the municipalities. In fact, after completing 4 years in the primary school, many pupils went on to secondary schools maintained by the state, local authorities and private organizations.

The comprehensive school in Finland comprises a lower level of 6 years and an upper

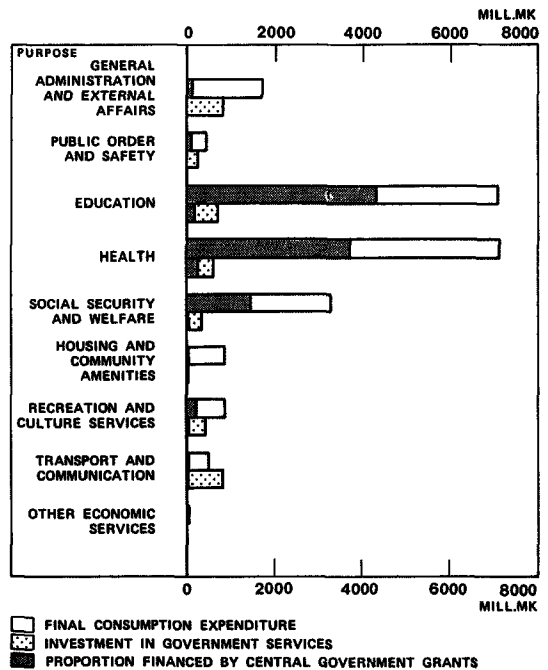
level of 3 years. Preschool education is not part of the comprehensive school system. As the reform would have entailed considerable additional costs for the municipalities, central government grants were graduated so that costs financed out of municipal taxation did not rise as a result of the reform. The central government finances about 70 per cent of comprehensive school expenditure.

With the transfer of the responsibility for the upper level of compulsory schooling to the local authorities, many of them also undertook to provide the senior secondary education leading to university studies which had formerly been administered by the central government or privately. Technical secondary education has also expanded, in part because the temporary vocational training originally set up to combat unemployment is now being established on a more permanent footing.

The new child day care scheme obliged municipalities to see to it that child day care services were made available on an adequate scale. Since 1973, the number of children in municipal day care has more than tripled, but the number of places is still thought to be insufficient in relation to demand. Initially, day care was mainly provided by establishing special day care centres. Nowadays, the emphasis is on the expansion of day care in families, which is considered a more flexible and less expensive alternative. The central government finances about 40 per cent of local government expenditure on child day care.

The introduction of health centres was, in fact, an organizational reform of the out-patient system, aimed at consolidating and raising the standard of out-patient services. As the health centre reform also included a commitment to medium-term planning, the possibilities of channelling additional health services to regions where they were felt to be most needed were enhanced. Since, moreover, central government grants for health centre expenditure were graduated according to the financial position of the municipality, the

CHART 2. LOCAL GOVERNMENT FINAL CONSUMPTION EXPENDITURE AND INVESTMENT IN GOVERNMENT SERVICES BY PURPOSE IN 1980, MILL. MK

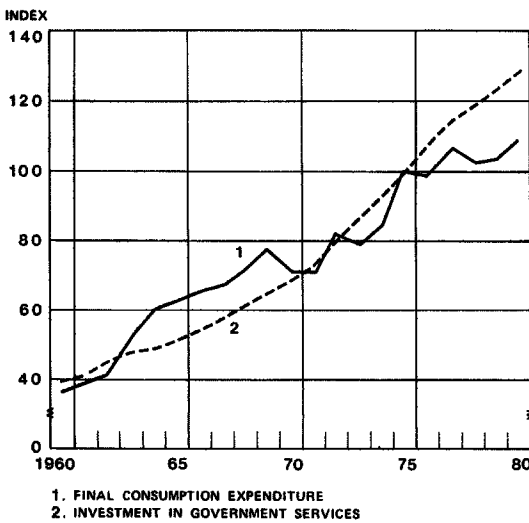


poorer municipalities were also given a better opportunity to improve their health services. In fact, the standard of out-patient services is now virtually the same throughout the country. The central government finances half of health centre expenditure. It is estimated that additional costs arising from the reform will be fairly small over the next few years (Chart 2).

TABLE 2. AVERAGE ANNUAL PERCENTAGE CHANGES IN THE VOLUME OF LOCAL AND CENTRAL GOVERNMENT EXPENDITURE AND OF GDP

	1960—1970	1970—1975	1975—1980
Local government final consumption expenditure	5.6	7.9	5.2
Local government investment in government services	7.4	7.5	3.7
Central government final consumption expenditure	4.6	3.8	2.9
Central government investment in government services	0.2	-0.5	-1.1
GDP	4.9	3.9	3.3

CHART 3. LOCAL GOVERNMENT FINAL CONSUMPTION EXPENDITURE AND INVESTMENT IN GOVERNMENT SERVICES IN 1960-1980, VOLUME INDICES 1975 = 100



Largely because of the reforms and development plans described above, local government consumption expenditure and investment in government services have grown rapidly (Table 2 and Chart 3). In addition, municipalities have extended their optional functions to such areas as cultural and sports activities and adult education. The development of energy and water supply services has also required substantial investment in public enterprises owned by municipalities. Subsidies are primarily for financing the deficits of municipal transport companies, which arise because of the practice of keeping fares below actual costs as a means of promoting the use of public transport. Current transfers to the private sector consist of financial assistance paid to private persons

TABLE 3. LOCAL GOVERNMENT EXPENDITURE IN 1960, 1970 AND 1980, PER CENT OF GDP

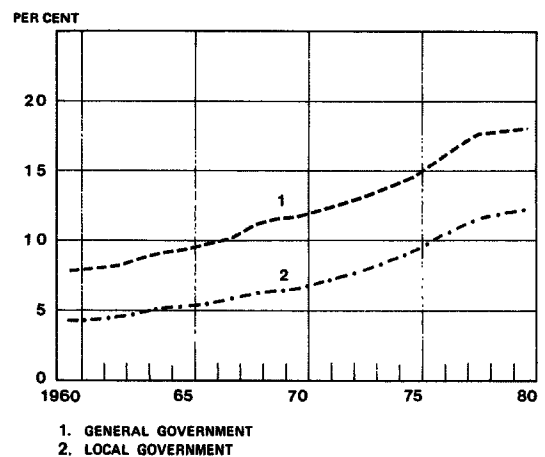
	1960	1970	1980
Final consumption expenditure	6.5	8.4	11.9
Gross investment in government services and public enterprises	2.1	2.4	3.3
Subsidies and current transfers to the private sector	0.4	0.5	0.4
Transfers to other general government	0.4	0.5	0.5
Debt interest and redemptions	0.6	0.9	1.0

in the event of deficiencies in the general arrangements for the maintenance of income. Local authorities also support cultural and youth activities of private organizations (Table 3).

To some extent, the increase in the services provided by municipalities is due to the transfer of the responsibility for certain activities from the state or the private sector to the local authorities.

The number of persons employed by local authorities has increased both because of the expansion of existing functions and the transfer of functions mentioned above (Chart 4). The workforce is, in general, fairly young and well-educated. A large proportion of the services provided by municipalities involve nursing and other work related to institutional care, and women make up four-fifths of local government employees.

CHART 4. SHARES OF EMPLOYED LABOUR FORCE IN GENERAL AND LOCAL GOVERNMENT IN 1960-1980, PER CENT



RECENT DEVELOPMENTS IN FINANCING LOCAL GOVERNMENT ACTIVITIES

The most important source of income for municipalities is local income tax (Table 4). The rules governing local income taxation are laid down in law, but local authorities are free to determine the tax rate. It is a proportional

TABLE 4. SOURCES OF LOCAL GOVERNMENT RECEIPTS IN 1960, 1970 AND 1980, PER CENT OF GDP

	1960	1970	1980
Tax receipts	5.9	7.6	8.4
Transfers from other general government	2.6	3.5	5.9
Sales of goods and services	1.4	1.4	1.7
Property and entrepreneurial income ¹	0.9	0.8	0.5
Borrowing	0.7	0.8	0.8

¹ Includes the surplus of local government enterprises.

tax and is set at a rate which balances the municipality's budget. The collection of taxes, together with the collection of state income tax and certain related payments, is handled by the central government, which once a month transfers to the municipalities amounts corresponding to their share of total accrued tax revenue.

In fixing the local tax rate, a dual-rate system was applied up to 1982. By this arrangement a provisional tax rate was confirmed in connection with the budget preparations, and the advance collection of taxes was effected on this basis. If actual economic developments or the growth in expenditure turned out to be different than anticipated, the final tax rate could be adjusted as required. In the taxation for 1983, however, only one tax rate will be applied, a practice which will simplify taxation and increase consistency in financial management.

Local tax rates vary considerably among municipalities, reflecting both differences in their underlying economic conditions and in the services they provide (Table 5). By means of central government grants, differences in the financial position of municipalities have been reduced, and tax rate differentials have narrowed significantly as a result.

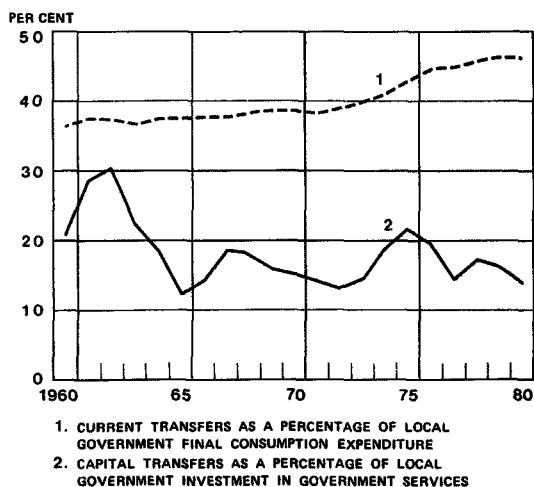
TABLE 5. LOCAL TAX RATES IN 1960, 1970 AND 1980, PER CENT OF TAXABLE INCOME

	1960	1970	1980
Average	11.87	13.95	15.73
Lowest	7.00	9.50	14.00
Highest	16.00	19.00	19.00

The street maintenance charge represents a new source of tax income for municipalities, which, because of its method of collection, can also be regarded as a property tax. Up to now, it has only been levied partially but even when applied in full it is not likely to account for more than two to three per cent of the yield from local income tax. Other payments to the municipalities in the nature of taxes are of only marginal significance.

There has been a tendency for the grant-in-aid system to expand because, when a service has been made the responsibility of municipalities, the criteria for central government support have also been defined. At the same time, the legislation governing the grant-in-aid system has become highly detailed, as is shown, for instance, by the fact that 150 regulations in all are applied in granting assistance. From being random and discretionary in nature, central government assistance has gradually developed into a system of statutory grants for specific categories of expenditure. At first, grants were differentiated according to function or type of municipality. It was not until the 1970s that differences in economic conditions between municipalities began to be taken into consideration on a wider scale (Chart 5).

CHART 5. CENTRAL GOVERNMENT TRANSFERS TO LOCAL GOVERNMENT IN 1960-1980

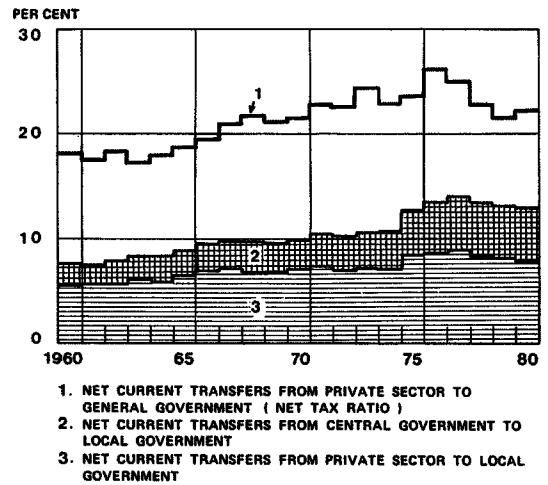


In extending grants, economic differences are taken into account by classifying municipalities into 10 categories, mainly according to differences in tax base and cost levels. On the basis of this classification, a set of 30 coefficients has been devised, which serves as a standard for the payment of four-fifths of grants-in-aid to local authorities. Discretionary assistance is granted not only to ease the financial burden incurred in performing a particular function, but also to relieve temporary financing difficulties and, for instance, to influence the timing of investments for counter-cyclical policy reasons. Special grants are also available in cases where tax receipts are small, but the share of this item in total central government assistance is fairly small.

Plans to reform the grant-in-aid system have been under discussion for a long time. The aim is not only to simplify and consolidate the system, but also to shift from expenditure-based grants to fiscal equalization grants determined on the basis of average costs and size of population. A grant system of this kind would cut administrative costs, obviate the need for close supervision by the central government and give municipalities a greater measure of freedom in managing their affairs.

Efforts are being made to check the growth of central government financing by carefully specifying which costs qualify for grants and by fixing, in special plans, increases in local government personnel and new building projects. Similarly, agreements between the central government and the central organizations of municipalities have, as from 1975, included recommendations for restricting increases in local government expenditure and tax rates as a means of promoting balanced economic development (Chart 6). The latest agreement, signed in 1982 for the period 1982—1985, contains a negotiating procedure which seeks to improve the coordination of central and local government finances in a way consistent with economic conditions at any particular time.

CHART 6. NET TAX RATIO RESULTING FROM GENERAL GOVERNMENT OPERATIONS IN 1960—1980.
(CURRENT TRANSFERS AS PER CENT OF GDP)



Local authorities are entitled to levy charges for the services they provide. Certain charges are specified in law and part of those which municipalities can fix independently have to be confirmed by the appropriate central government authority. However, the relative importance of charges for such local authority services as education, health care and social welfare in local government financing has steadily declined as the coverage of these services has been extended. For instance, basic education, including school meals, is free of charge, as, too, are transport and lodging, if required. Likewise, efforts are being made to improve social benefits for students in secondary and vocational schools by lowering school fees or removing them completely. Charges for health centre visits were abolished in 1980 and fees for social services are often graduated according to income. However, with the further expansion in the supply of local government services, a considerable proportion of the additional costs may have to be financed by fees so as to offset the need for rises in local tax rates.

Borrowing by municipalities is not subject to central government control, and in fact a fairly large part of local government investment is financed by loans. In spite of this, municipalities

are, on average, indebted to only a comparatively minor extent: the stock of outstanding local government loans stood at 4.1 per cent of GDP in 1960, but had fallen to 3.5 per cent by 1980 in spite of the rapid expansion in local government finances. One fifth of local government loans are granted by the central government, and a further 10 per cent are loans on which the central government pays part of the interest.

PROSPECTS FOR LOCAL GOVERNMENT FINANCE

The rate of growth in local government expenditure is expected to slow down over the next few years, as there is unlikely to be any significant increase in the statutory functions of local authorities. The number of children of school-going age is on the decline and the coverage of the health care network is almost complete. On the other hand, the number of old people is increasing, but extending the grant-in-aid system to include old people's homes will lead to savings in health care expenditure in the long term. The physical infrastructure and the stock of local government buildings are new, and so there should be little need for reinvestment.

A prime objective when formulating economic policy over the near term and drawing up central government expenditure plans has been to reduce the rate of growth in local government spending. In setting targets, it was estimated that the volume of local government consumption expenditure would grow by 2 to 2 ½ per cent a year and that the volume of investment in government services would stabilize. Development along these lines would enable local authorities to fulfil their statutory obligations while at the same time leaving them some scope for increasing their other spending. From the point of view of central government finance, in particular, it is essential that these goals be attained, since current transfers to local government account for one fifth of central government expenditure, and

central government finance is otherwise in deficit. With these considerations in mind, the municipalities have been recommended to limit the growth in their expenditure to proportions compatible with the above-mentioned targets and to refrain from raising local tax rates.

The financial position of the municipalities has, on the whole, been good and is likely to remain so in the near future. As indicated above, there is a close relationship between central government transfers to local government and local government expenditure as well as between local government tax receipts and economic developments in general. In addition, certain social reforms in areas such as social security, taxation and the grant-in-aid system will increase local government revenue. When, in the past, the financial position of local authorities has been good, they have tended to step up their spending by more than statutorily obliged to do and by more than recommended. Now, too, the fear is that local government expenditure could grow faster than targeted.

In these circumstances, recommendations alone have not been felt to be sufficient to check the growth of local government spending; rather, other means are also being employed. One example is the general tightening — albeit very slight — of the municipalities' financial position contained in the Budget for 1983. Local authorities could, of course, counter the impact of such measures by raising local tax rates. However, there are already pressures for a rise in the tax ratio stemming from the central government's financing difficulties. When, moreover, a widely accepted goal is to curb the rise in the tax ratio, any attempt to raise local tax rates is likely to be resisted. It therefore seems probable that local tax rates will be kept unchanged, which might also force local authorities to pay heed to the longer-term prospects for economic growth in a more coherent fashion than has been the case hitherto.

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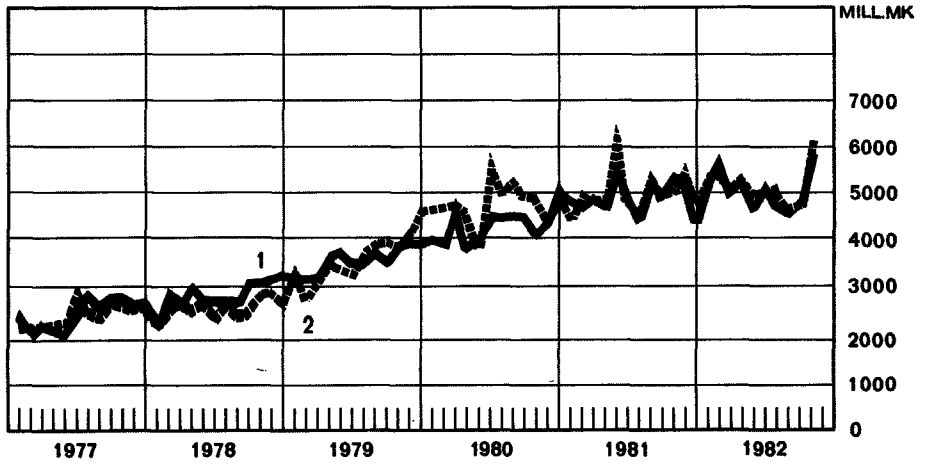
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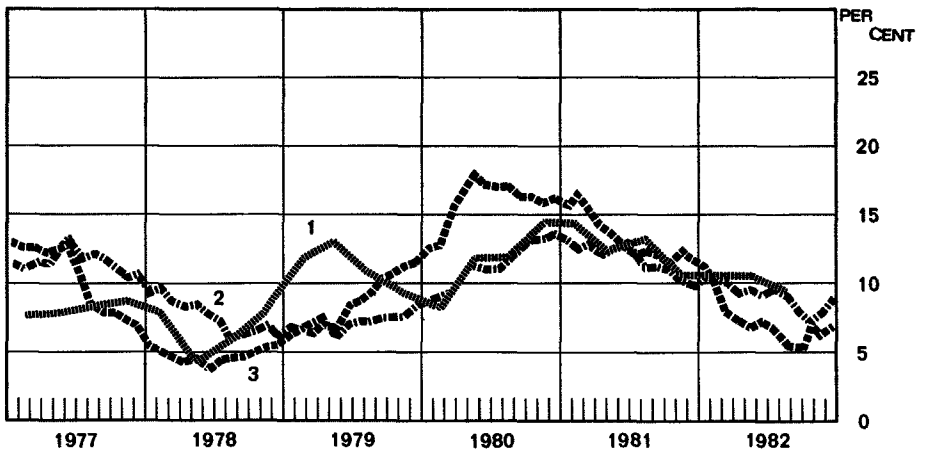
FOREIGN TRADE, 1977-82

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



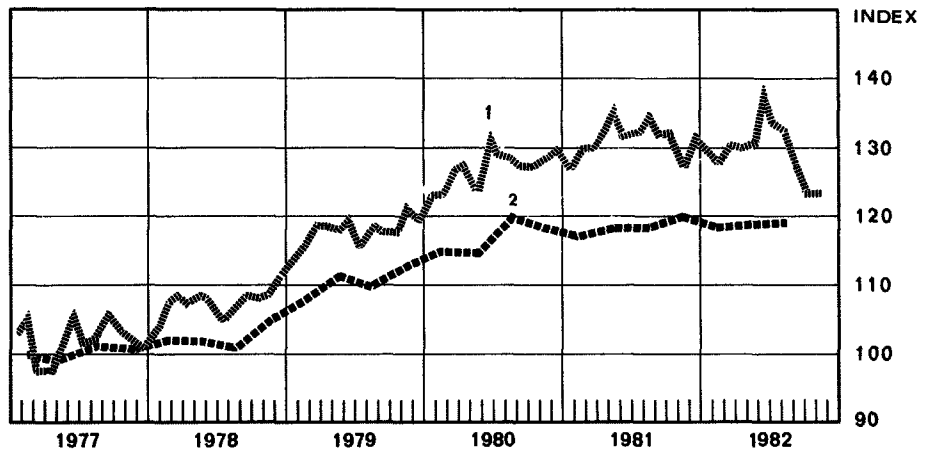
PRICES AND WAGES, 1977 - 1982

- 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



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