



# BANK OF FINLAND

*Monthly Bulletin*

**The 1983 income agreements**

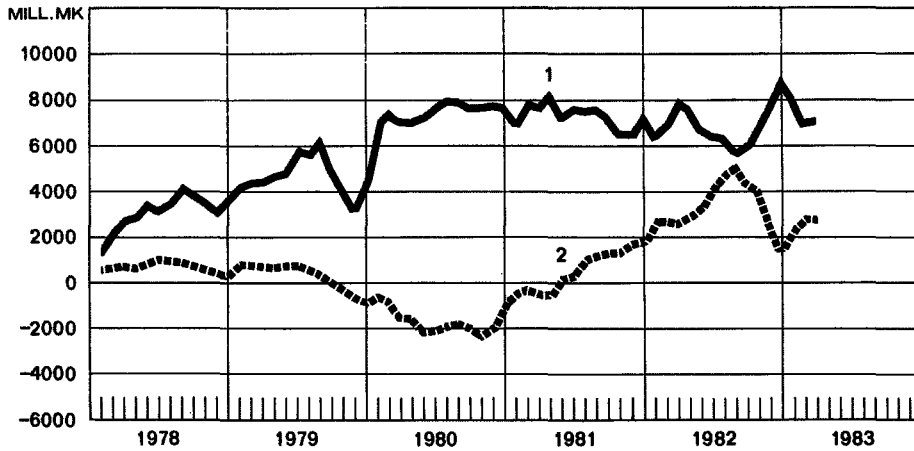
**The Finnish economy in 1982 and the  
current outlook**

**New monetary policy regulations**

**MAY 1983**

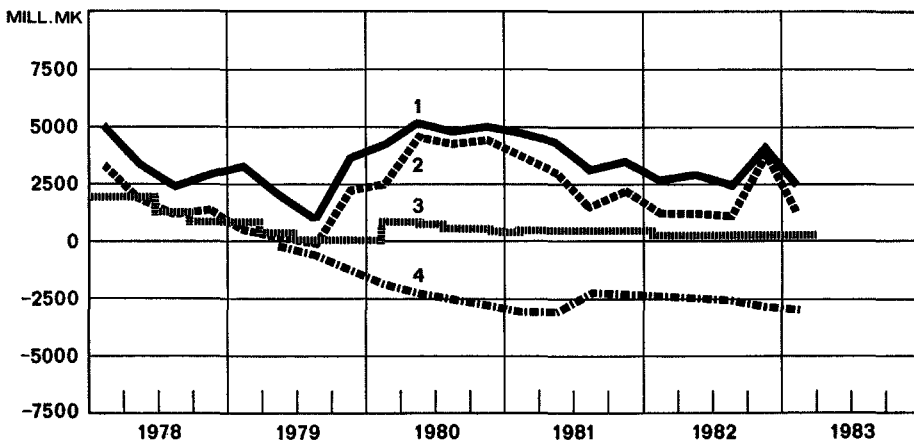
**Vol. 57 No. 5**

**BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1978 - 83**



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

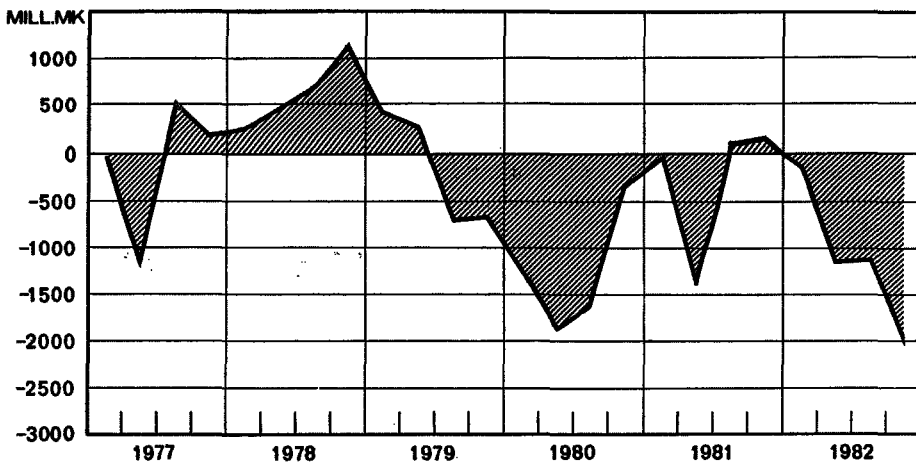
**COMMERCIAL BANKS' CENTRAL BANK POSITION, 1978 - 83**



- 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

# THE 1983 INCOME AGREEMENTS

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of the Ministry of Finance

## DEVELOPMENTS IN THE PREVIOUS AGREEMENT PERIOD

The comprehensive incomes policy agreement concluded between labour market and industrial organizations in March, 1981, on the basis of a proposal submitted by the government-appointed incomes policy mediator, involved average wage and salary increases totalling 13 per cent over a two-year period.<sup>1</sup> In addition, the settlement included an index clause, by virtue of which earnings rose by slightly less than one per cent. However, collective agreements at the industry level provided for higher pay increases than the general settlement. In the public sector and some branches of the private sector, additional rises were effected on the basis of earlier agreements. Wage drift amounted to 5 per cent during the agreement period. Indeed, by the final quarter of 1982 the earnings index had risen by 23 per cent compared with the corresponding quarter of 1980. Furthermore, the comprehensive agreement included an earnings guarantee clause providing for special compensation at the end of the 2-year period in branches where wage drift had been less than average.

With the prolongation of the recession, it became clear that the level of pay settlements incorporated in the comprehensive agreement was too high. Admittedly, the rate of inflation was curbed, but price competitiveness continued to deteriorate. Though the devaluations of the mark in October 1982 improved competitiveness, at the same time the slowdown in inflation was brought to a halt.

A prime economic policy goal is to secure the competitiveness of Finnish industry. To this end, the Bank of Finland lowered interest rates in June 1982, while the Government endeavoured to create an environment conducive to moderate incomes policy in 1983 through the customary means of inflation-adjustment of personal income and wealth taxes and limitation of increases in public charges. In connection with the autumn devaluations, a package of measures was approved with a view to reducing the rise in corporate costs and improving the purchasing power of households. However, to finance these measures, the sales tax rate will be raised as from the beginning of June 1983.

## THE NEW AGREEMENTS

The two-year collective agreements expired at the end of February 1983. A few sectors have longer-term agreements, covering slightly less than 10 per cent of wage and salary earners. In most cases these include provisions for the adjustment of wages — on top of the rises agreed for this year — in accordance with the overall rise in wages in the new pay round.

This time a comprehensive incomes policy agreement was not reached. Negotiations between the central labour market organizations on a comprehensive settlement became deadlocked in early January. The employers felt that, in view of the economic situation, only a pay settlement could be justified and they therefore rejected the employees' demands for social reforms. Moreover, they found it impossible to accept either indexation or an earnings guarantee clause.

<sup>1</sup> See the front article, »The 1981 incomes policy agreements», in the August 1981 issue of the Bulletin.

After negotiations had been transferred to union level, the first agreement was concluded in the metal industry in March. It was almost a pure wage settlement, including neither an index clause nor an earnings guarantee. Over a 12-month period, wages and salaries in the branch are to be raised by a total of 5.4 per cent. As from March, the increase is 70 pennies per hour — 2.7 per cent on average — and, as from October, 2 per cent. Various other increases in remuneration are estimated to contribute a further 0.7 per cent to the rise in the level of wages in this branch.

The collective agreement concluded in the metal industry set the general trend for pay settlements this spring, although pay increases in other sectors have tended to be slightly higher. This is mainly because of compensation for wage drift in these branches, a carry-over from the two-year comprehensive agreement of 1981, to which the metal industry was not a party. Even so, pay increases in other sectors exceed that in the metal industry by only about one percentage point on average.

The breakdown of the pay increases into flat-rate and percentage rises varies from sector to sector. Furthermore, in many cases the settlements include provisions for using part of the pay increase for the adjustment of remuneration at branch and company level.

There are virtually no provisions in the new collective agreements for reforms in working conditions. Certain issues, such as shortening working hours through longer winter holidays and reduced overtime, improving job security and increasing unemployment benefits for workers temporarily laid off, were discussed but were subsequently referred to the unions and employers' organisations for further consideration.

By mid-April, a quarter of all wage and salary earners were still without an agreement. Especially in local government service branches, such as health care, social work and teaching, employees have claimed special increases this year and next to compensate for the falling

behind in their earnings during the last few years. In some cases the failure to reach agreement has led to strikes.

After the autumn devaluations, there was a two-month price freeze, followed by a period of extended price control. When normal price control conditions were restored at the end of March, the coverage of the price notification scheme was reduced, but the monitoring and reporting of price formation were intensified in branches where competition functions inadequately.

Agreement was reached in March between representatives of the Government and farmers on rises in agricultural income. Farm incomes are set to rise by 11 per cent in 1983, part of the increase being compensation for a higher increase in the general wage level over the two-year agreement period than forecast at the time the comprehensive agreement was concluded. The increases will chiefly be effected through rises in the prices of agricultural products.

Finland is currently experiencing its third consecutive year of recession. Hence, capacity utilization and productivity growth are likely to remain low this year. Against this background, the pay increases envisaged under the new agreements are large.

The carry-over from 1982 — the level of earnings at the end of the year as compared with average earnings for the year as a whole — was quite substantial. It alone will raise average earnings by 4 per cent this year. Even if wage drift proves minimal, average earnings this year are expected to increase by almost as much as in 1982, when they rose by 10.6 per cent.

The rise in corporate costs will, however, be mitigated by certain measures decided on in conjunction with the devaluations and as a result of which indirect labour costs, as a percentage of wages and salaries, will be 1.5 percentage points lower than in 1982.

(continued on page 34)

## BANK OF FINLAND

Mill. mk

|   | 1982     |         | 1983    |          |          |          |        |
|---|----------|---------|---------|----------|----------|----------|--------|
|   | April 30 | Dec. 31 | April 8 | April 15 | April 22 | April 29 |        |
| <b>Assets</b>                             |          |         |         |          |          |          |        |
| Gold and foreign exchange receivables     | 10 842   | 10 552  | 10 251  | 10 402   | 10 154   | 10 156   |        |
| Gold                                      | 1 382    | 1 382   | 1 382   | 1 382    | 1 382    | 1 382    |        |
| Special drawing rights                    | 567      | 609     | 569     | 569      | 570      | 569      |        |
| IMF reserve tranche                       | 394      | 453     | 456     | 456      | 456      | 456      |        |
| Foreign bonds                             | 1 117    | 765     | 276     | 275      | 213      | 232      |        |
| Convertible currencies                    | 4 293    | 5 813   | 4 489   | 4 353    | 4 133    | 4 122    |        |
| Tied currencies                           | 3 089    | 1 530   | 3 079   | 3 367    | 3 400    | 3 395    |        |
| Other foreign receivables                 | 1 606    | 3 963   | 3 976   | 3 974    | 3 981    | 3 979    |        |
| Mark subscription to Finland's IMF quota  | 1 606    | 1 843   | 1 843   | 1 843    | 1 843    | 1 843    |        |
| Term receivables                          | —        | 2 120   | 2 133   | 2 131    | 2 138    | 2 136    |        |
| Receivables from financial institutions   | 3 872    | 5 409   | 5 417   | 5 949    | 5 303    | 4 990    |        |
| Banks' cheque accounts                    | 320      | 169     | 505     | 539      | 425      | 355      |        |
| Call money market advances                | 2 069    | 3 126   | 2 788   | 3 345    | 2 763    | 2 510    |        |
| Till-money credits                        | 720      | 889     | 822     | 757      | 796      | 801      |        |
| Bonds                                     | 726      | 1 179   | 1 275   | 1 278    | 1 290    | 1 290    |        |
| Other financial institution receivables   | 37       | 46      | 27      | 30       | 29       | 34       |        |
| Receivables from the public sector        | 965      | 1 040   | 1 513   | 1 526    | 1 506    | 1 477    |        |
| Government promissory notes               | —        | —       | 210     | 210      | 210      | 210      |        |
| Bonds                                     | 423      | 435     | 675     | 687      | 669      | 639      |        |
| Total coinage                             | 524      | 559     | 595     | 598      | 599      | 602      |        |
| Other public sector receivables           | 18       | 46      | 33      | 31       | 28       | 26       |        |
| Receivables from corporations             | 4 667    | 4 990   | 5 002   | 4 995    | 5 000    | 5 053    |        |
| Financing of exports                      | 1 685    | 1 788   | 1 758   | 1 727    | 1 734    | 1 769    |        |
| Financing of domestic deliveries          | 2 270    | 2 514   | 2 661   | 2 683    | 2 688    | 2 705    |        |
| Bonds                                     | 185      | 163     | 157     | 157      | 152      | 152      |        |
| Other corporate receivables               | 527      | 525     | 426     | 428      | 426      | 427      |        |
| Other assets                              | 92       | 99      | 99      | 100      | 102      | 103      |        |
|   | Total    | 22 044  | 26 053  | 26 258   | 26 946   | 26 046   | 25 758 |
| <b>Liabilities</b>                        |          |         |         |          |          |          |        |
| Foreign exchange liabilities              | 31       | 22      | 38      | 65       | 78       | 69       |        |
| Convertible accounts                      | 26       | 17      | 27      | 53       | 65       | 54       |        |
| Tied accounts                             | 5        | 5       | 11      | 12       | 13       | 15       |        |
| Other foreign liabilities                 | 3 218    | 5 410   | 4 636   | 4 628    | 4 635    | 4 633    |        |
| IMF mark accounts                         | 1 812    | 1 927   | 1 890   | 1 890    | 1 890    | 1 890    |        |
| Allocations of special drawing rights     | 726      | 833     | 839     | 839      | 840      | 839      |        |
| Term liabilities                          | 680      | 2 650   | 1 907   | 1 899    | 1 905    | 1 904    |        |
| Notes and coins in circulation            | 5 383    | 6 062   | 5 842   | 5 853    | 5 831    | 5 984    |        |
| Notes                                     | 4 929    | 5 572   | 5 356   | 5 368    | 5 345    | 5 497    |        |
| Coins                                     | 454      | 490     | 486     | 485      | 486      | 487      |        |
| Deposit certificates in circulation       | 2 150    | 1 700   | 2 100   | 2 700    | 2 700    | 1 650    |        |
| Claims of financial institutions          | 4 382    | 4 791   | 5 305   | 5 355    | 4 336    | 4 971    |        |
| Banks' cheque accounts                    | 15       | 6       | 1       | 1        | 1        | 0        |        |
| Call money market deposits                | 1 600    | 1 470   | 1 505   | 1 507    | 513      | 740      |        |
| Cash reserve deposits                     | 2 644    | 3 132   | 3 726   | 3 726    | 3 726    | 4 128    |        |
| Capital import deposits                   | 110      | 177     | 56      | 56       | 56       | 56       |        |
| Other financial institution claims        | 13       | 6       | 17      | 65       | 40       | 47       |        |
| Claims of the public sector               | 195      | 50      | 0       | 1        | 1        | 1        |        |
| Cheque accounts                           | 1        | 1       | 0       | 1        | 1        | 1        |        |
| Counter-cyclical reserves                 | 117      | —       | —       | —        | —        | —        |        |
| Counter-cyclical deposits                 | —        | —       | —       | —        | —        | —        |        |
| Capital import deposits                   | 77       | 49      | —       | —        | —        | —        |        |
| Other public sector claims                | 0        | 0       | 0       | 0        | 0        | 0        |        |
| Claims of corporations                    | 1 464    | 1 687   | 1 712   | 1 701    | 1 700    | 1 687    |        |
| Deposits for investment and ship purchase | 1 251    | 1 416   | 1 294   | 1 279    | 1 278    | 1 271    |        |
| Capital import deposits                   | 188      | 265     | 412     | 410      | 413      | 409      |        |
| Other corporate claims                    | 25       | 6       | 6       | 12       | 9        | 7        |        |
| Other liabilities                         | 15       | 23      | 19      | 14       | 15       | 17       |        |
| Equalization accounts                     | 798      | 1 609   | 1 792   | 1 805    | 1 916    | 1 902    |        |
| Capital accounts                          | 4 408    | 4 699   | 4 814   | 4 824    | 4 834    | 4 844    |        |
| 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                              | 95       | 667     | 115     | 125      | 135      | 145      |        |
|   | Total    | 22 044  | 26 053  | 26 258   | 26 946   | 26 046   | 25 758 |

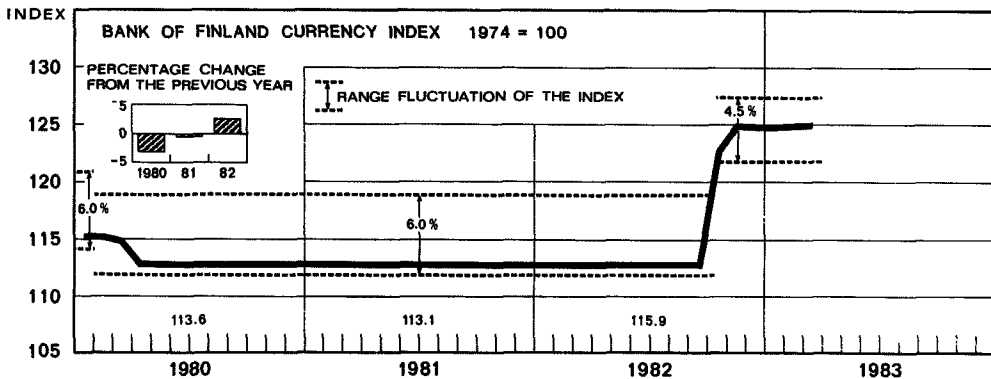
| End of year or month | Foreign sector                 |               |                             |                                    |                      |                        |                         | Public sector |             |                       |                                     |
|----------------------|--------------------------------|---------------|-----------------------------|------------------------------------|----------------------|------------------------|-------------------------|---------------|-------------|-----------------------|-------------------------------------|
|                      | 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                 |                                |               |                             |                                    |                      |                        |                         |               |             |                       |                                     |
| 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                               |
| Feb.                 | 2 405                          | 600           | 4 109                       | 7 114                              | 2 922                | 180                    | 10 216                  | 1 209         | 0           | -1 209                | 1 650                               |
| March                | 2 408                          | 278           | 4 560                       | 7 246                              | 2 919                | -664                   | 9 501                   | 1 555         | 1           | -1 554                | 1 800                               |
| April                | 2 407                          | 232           | 4 068                       | 6 707                              | 3 380                | -654                   | 9 433                   | 1 477         | 1           | -1 476                | 1 650                               |

## FOREIGN EXCHANGE POSITION

Mill. mk

|                        | Net holdings, Dec. 31, 1982 |         |        | Net holdings March 31, 1983 |         |        | Change |           |
|------------------------|-----------------------------|---------|--------|-----------------------------|---------|--------|--------|-----------|
|                        | Bank of Finland             | Other   | Total  | Bank of Finland             | Other   | Total  | Mar.   | Jan.-Mar. |
| Gold                   | 1 382                       | —       | 1 382  | 1 383                       | —       | 1 383  | —      | +1        |
| Special drawing rights | 609                         | —       | 609    | 570                         | —       | 570    | +2     | -39       |
| IMF reserve tranche    | 453                         | —       | 453    | 456                         | —       | 456    | +1     | +3        |
| Foreign bonds          | 764                         | —       | 764    | 278                         | —       | 278    | -321   | -486      |
| Convertible currencies | 5 796                       | -11 049 | -5 253 | 4 559                       | -10 442 | -5 883 | +892   | -630      |
| Total                  | 9 004                       | -11 049 | -2 045 | 7 246                       | -10 442 | -3 196 | +574   | -1 151    |
| Tied currencies        | 1 526                       | -215    | 1 311  | 2 919                       | -200    | 2 719  | -10    | +1 408    |
| Grand total            | 10 530                      | -11 264 | -734   | 10 165                      | -10 642 | -477   | +564   | +257      |

| 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                 |                                   |                                 |  |                                       |                       |                        |                               |                                     |                 |                       |                                |
| 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                          |
| Feb.                 | —                                 | 198                             | 1 151                                  | 1 140                                 | 3 294                 | -2 106                 | -979                          | 4 360                               | 871             | 3 489                 | 5 803                          |
| March                | —                                 | 262                             | 2 106                                  | 710                                   | 3 727                 | -2 035                 | -34                           | 4 418                               | 1 135           | 3 283                 | 5 966                          |
| April                | —                                 | 355                             | 2 510                                  | 740                                   | 4 128                 | -2 022                 | 19                            | 4 474                               | 1 108           | 3 366                 | 5 984                          |



# MONETARY POLICY INDICATORS

| Average for period | Total central bank debt of the commercial banks, mill. mk | Actual central bank debt of the commercial banks, mill. mk | Credit quotas of the commercial banks at the Bank of Finland, mill. mk | Cash reserve deposits of the deposit banks mill. mk | Cash reserve deposits of the commercial banks mill. mk | Bank of Finland placements in the call money market, mill. mk | Base rate % | Call money interest rate % | Average cost of total central bank debt % | Average lending rate of the commercial banks <sup>1</sup> % |
|--------------------|---|--|--|---|--|---|-------------|----------------------------|---|---|
|                    | 1   | 2  | 3  | 4   | 5  | 6   | 7           | 8                          | 9   | 10  |
| 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                                     | 9.33  |

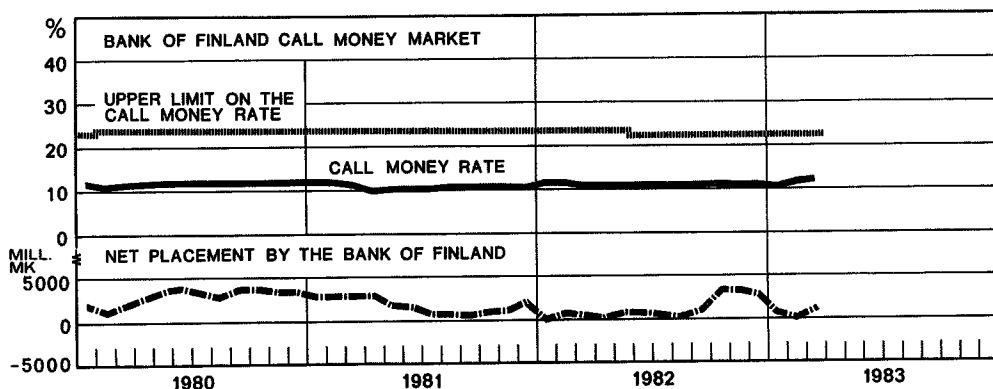
## 1982

|       |                    |       |     |       |       |       |      |       |       |      |
|-------|--------------------|-------|-----|-------|-------|-------|------|-------|-------|------|
| 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              | 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 <sup>f</sup> | 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 | 8.95 |

## 1983

|       |       |       |     |       |       |       |      |       |       |      |
|-------|-------|-------|-----|-------|-------|-------|------|-------|-------|------|
| Jan.  | 2 963 | 1 410 | 400 | 3 135 | 2 751 | 1 011 | 8.50 | 11.00 | 12.10 | 8.99 |
| Feb.  | 1 853 | 870   | 400 | 3 240 | 2 853 | 475   | 8.50 | 12.00 | 11.73 | 8.97 |
| March | 2 718 | 1 807 | 400 | 3 308 | 2 888 | 1 408 | 8.50 | 13.00 | 13.62 | 8.95 |
| April | 3 256 | 2 065 | 400 | 3 753 | 3 279 | 1 666 | 8.50 | 13.00 | ..    | ..   |

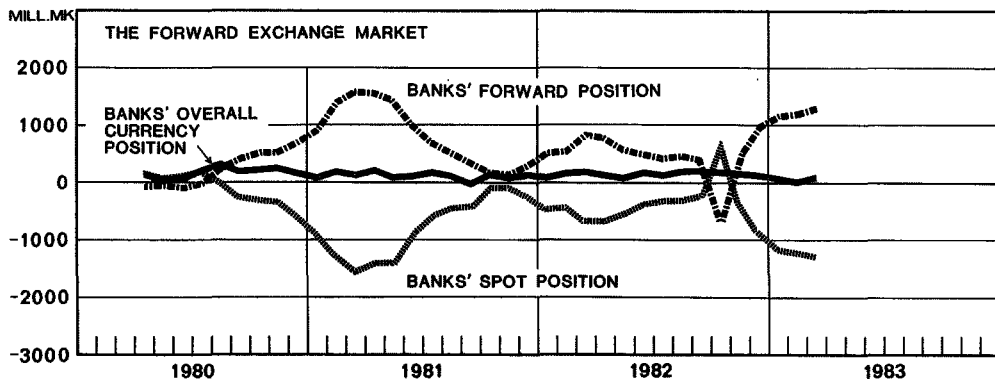
<sup>1</sup> End of period.





# FORWARD EXCHANGE MARKETS IN FINLAND

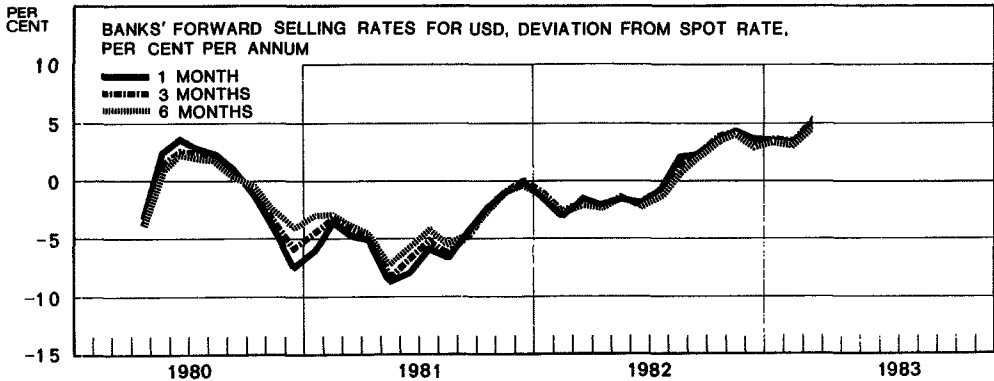
| Period | Banks' Forward Positions in mill. mk with |             |         |               |                 |         | Banks' Forward Selling Rates for USD         |          |          |
|--------|---|-------------|---------|---------------|-----------------|---------|--|----------|----------|
|        | 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   |   |             |         |               |                 |         |  |          |          |
| Nov.   | 5 267.6                                   | 1 788.5     | 3 479.2 | -698.6        | -2 424.4        | 291.7   | -0.8   | -0.7     | -0.7     |
| Dec.   | 5 183.0                                   | 1 619.8     | 3 563.2 | -581.0        | -2 346.3        | 583.5   | 0.1  | 0.3      | -0.1     |
| 1982   |   |             |         |               |                 |         |  |          |          |
| Jan.   | 4 984.2                                   | 1 581.2     | 3 402.9 | -666.0        | -2 242.9        | 607.4   | -1.3   | -0.7     | -1.0     |
| Feb.   | 5 054.0                                   | 1 666.4     | 3 387.6 | -660.0        | -2 081.1        | 666.8   | -2.6   | -2.3     | -2.4     |
| March  | 5 596.8                                   | 1 693.5     | 3 903.3 | -522.1        | -2 262.1        | 1 292.4 | -1.3   | -1.5     | -1.7     |
| April  | 5 936.4                                   | 1 596.8     | 4 339.6 | -671.8        | -2 879.4        | 666.5   | -1.9   | -1.9     | -2.0     |
| May    | 6 035.1                                   | 1 950.0     | 4 085.1 | -486.4        | -2 953.6        | 559.9   | -1.3   | -1.1     | -1.1     |
| June   | 5 942.0                                   | 1 703.4     | 4 238.6 | -704.5        | -2 797.7        | 637.3   | -1.7   | -1.7     | -1.6     |
| July   | 5 781.5                                   | 1 653.2     | 4 128.3 | -871.0        | -3 004.6        | 322.1   | -0.6   | -0.9     | -1.3     |
| Aug.   | 7 045.1                                   | 1 679.3     | 5 365.8 | -854.4        | -4 114.5        | 309.8   | 2.4  | 1.8      | 1.0      |
| Sept.  | 6 618.6                                   | 2 282.4     | 4 336.1 | -711.3        | -3 947.8        | -306.9  | 2.6  | 2.6      | 2.3      |
| Oct.   | 6 898.2                                   | 2 557.1     | 4 341.1 | -805.2        | -3 937.2        | -395.9  | 4.0  | 4.1      | 4.0      |
| 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      |
| 1983   |   |             |         |               |                 |         |  |          |          |
| Jan.   | 11 271.6                                  | 2 189.0     | 9 082.6 | -753.6        | -6 643.2        | 1 515.5 | 3.8  | 3.9      | 3.7      |
| Feb.   | 10 436.2                                  | 2 144.9     | 8 291.4 | -960.0        | -6 006.7        | 1 199.1 | 3.7  | 3.8      | 3.4      |
| March  | 10 551.4                                  | 2 048.9     | 8 502.5 | -721.5        | -5 915.7        | 1 761.6 | 5.4  | 5.4      | 5.0      |



# FOREIGN EXCHANGE RATES

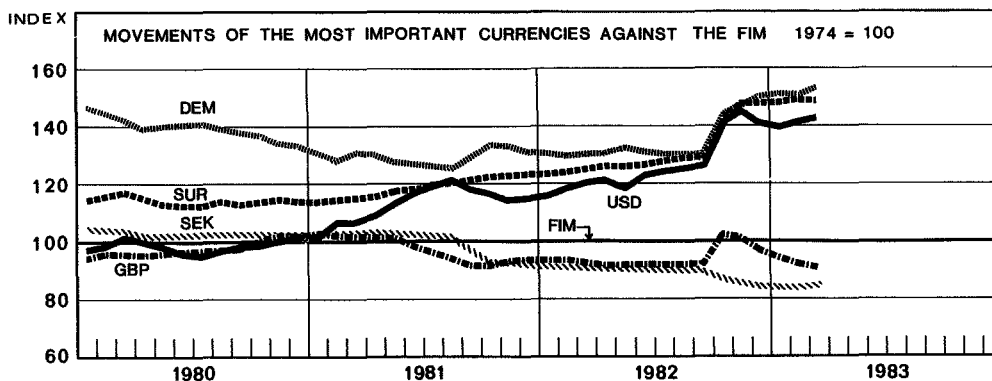
Average selling rates for foreign exchange, mk

| Period | New York<br>1 US \$<br>USD | Montreal<br>1 C \$<br>CAD | London<br>1 £<br>GBP | Dublin<br>1 Ir£<br>IEP | Stockholm<br>100 Skr<br>SEK | Oslo<br>100 Nkr<br>NOK | Copenhagen<br>100 Dkr<br>DKK | Frankfurt<br>100 DM<br>DEM | Amsterdam<br>100 Hfl<br>NLG | Brussels<br>100 FB<br>BEC | BEL    |
|--------|----------------------------|---------------------------|----------------------|------------------------|-----------------------------|------------------------|------------------------------|----------------------------|-----------------------------|---------------------------|--------|
|        | 1                          | 2                         | 3                    | 4                      | 5                           | 6                      | 7                            | 8                          | 9                           | 10                        | 11     |
| 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  |
| 1982   |                            |                           |                      |                        |                             |                        |                              |                            |                             |                           |        |
| 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 |
| Feb.   | 5.389                      | 4.395                     | 8.270                | 7.391                  | 72.62                       | 75.88                  | 62.91                        | 222.26                     | 201.55                      | 11.314                    | 10.898 |
| March  | 5.429                      | 4.433                     | 8.112                | 7.362                  | 72.75                       | 75.80                  | 63.08                        | 225.76                     | 202.86                      | 11.475                    | 10.886 |
| April  | 5.436                      | 4.417                     | 8.389                | 7.061                  | 72.74                       | 76.28                  | 62.87                        | 223.29                     | 198.24                      | 11.212                    | 11.103 |



## Average selling rates for foreign exchange, mk

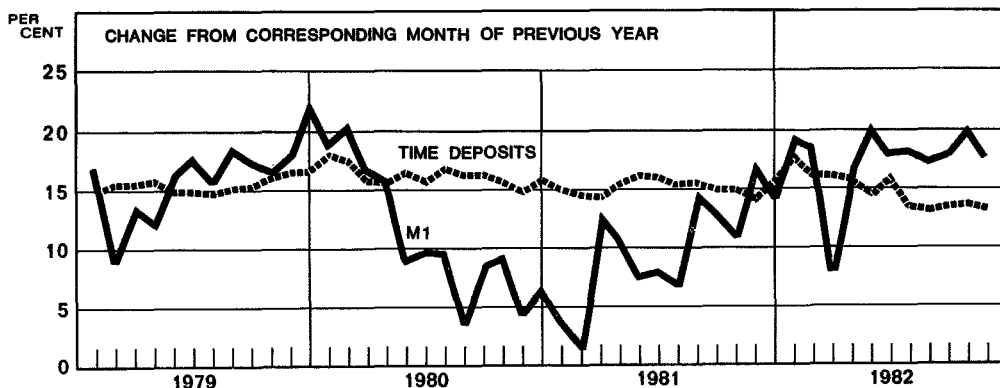
| Zurich<br>100 Sfr<br>CHF | Paris<br>100 FF<br>FRF | Rome<br>100 Lit<br>ITL | Vienna<br>100 ÖS<br>ATS | Lisbon<br>100 Esc<br>PTE | Reykjavik<br>100 lkr<br>ISK | Madrid<br>100 Ptas<br>ESP | Tokyo<br>100 Y<br>JPY | Moscow<br>1 Cl Rbl<br>SUR | I special<br>drawing<br>right<br>SDR | Currency<br>index<br>1974 = 100 |
|--------------------------|------------------------|------------------------|-------------------------|--------------------------|-----------------------------|---------------------------|-----------------------|---------------------------|--------------------------------------|---------------------------------|
| 12                       | 13                     | 14                     | 15                      | 16                       | 17                          | 18                        | 19                    | 20                        | 21                                   | 22                              |
| 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                           |
| 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                           |
| 267.72                   | 78.50                  | 0.387                  | 31.66                   | 5.90                     | 28.34                       | 4.17                      | 2.287                 | 7.506                     | 5.865 42                             | 125.1                           |
| 263.75                   | 77.75                  | 0.383                  | 32.13                   | 5.82                     | 26.65                       | 4.09                      | 2.287                 | 7.498                     | 5.884 14                             | 125.2                           |
| 264.97                   | 74.60                  | 0.376                  | 31.78                   | 5.59                     | 25.76                       | 4.02                      | 2.294                 | 7.489                     | 5.876 33                             | 125.2                           |



# DEPOSITS BY THE PUBLIC

Mill. mk

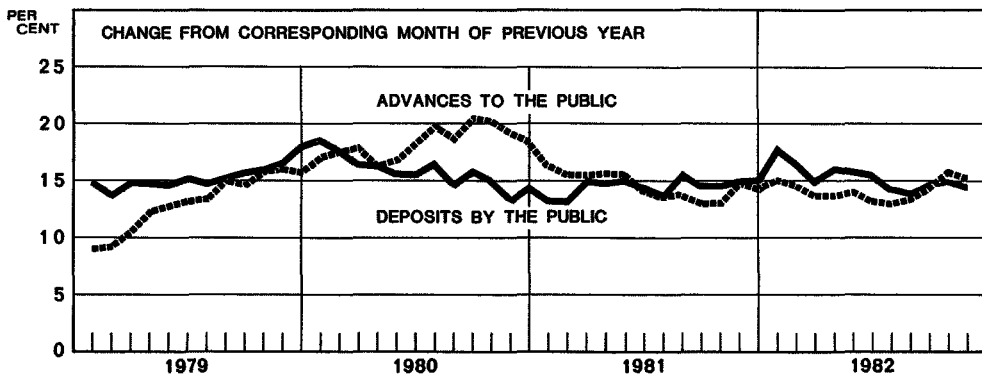
| End of year and month | Demand deposits  |                              |              |                   | Time deposits    |               |              |              |                   | Total (4+9) |
|-----------------------|------------------|------------------------------|--------------|-------------------|------------------|---------------|--------------|--------------|-------------------|-------------|
|                       | Commercial banks | Savings banks & Co-op. banks | Posti-pankki | All deposit banks | Commercial banks | Savings banks | Co-op. banks | Posti-pankki | All deposit banks |             |
|                       | 1                | 2                            | 3            | 4                 | 5                | 6             | 7            | 8            | 9                 | 10          |
| 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                  |                  |                              |              |                   |                  |               |              |              |                   |             |
| 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      |
| Nov.                  | 6 742            | 3 599                        | 3 325        | 13 666            | 27 782           | 25 111        | 20 417       | 8 390        | 81 700            | 95 366      |



# ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

| End of year and month | Advances granted by |               |              |              | Types of advances                  |                |                                      | Total (1 to 4) (5 to 7) | Money Supply   |                             |
|-----------------------|---------------------|---------------|--------------|--------------|------------------------------------|----------------|--------------------------------------|-------------------------|----------------|-----------------------------|
|                       | Commercial banks    | Savings banks | Co-op. banks | Posti-pankki | Loans & bills in domestic currency | Cheque credits | Domestic credits in foreign currency |                         | M <sub>1</sub> | M <sub>1</sub> +Quasi-Money |
|                       | 1                   | 2             | 3            | 4            | 5                                  | 6              | 7                                    |                         | 8              | 9                           |
| 1978                  | 26 324              | 14 092        | 12 181       | 6 847        | 52 517                             | 1 723          | 5 204                                | 59 444                  | 11 496         | 60 682                      |
| 1979                  | 29 844              | 16 535        | 14 258       | 8 299        | 60 971                             | 1 955          | 6 010                                | 68 936                  | 14 087         | 71 157                      |
| 1980                  | 35 994              | 19 097        | 16 760       | 9 973        | 70 466                             | 2 347          | 9 011                                | 81 824                  | 14 979         | 81 601                      |
| 1981                  | 40 462              | 22 009        | 20 059       | 11 135       | 80 817                             | 2 877          | 9 971                                | 93 665                  | 17 186         | 94 577                      |
| 1981                  |                     |               |              |              |                                    |                |                                      |                         |                |                             |
| 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                     |
| Nov.                  | 47 033              | 25 408        | 23 252       | 12 485       | 92 269                             | 3 927          | 11 982                               | 108 178                 | 18 982         | 103 579                     |



## 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  |
| <b>Total taxes</b>                           | 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   |
| <b>Total revenue</b>                         | 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   | <b>Total expenditure</b>                                  | 49 474    | 57 867 |
| <b>Total borrowing</b>                       | 5 044     | 7 490   | Redemption of foreign loans                               | 352       | 899    |
| <b>Deficit (+) or surplus (-)</b>            | -2 021    | 172     | Redemption of domestic loans                              | 1 349     | 1 846  |
| <b>Total</b>                                 | 51 175    | 60 612  | <b>Total redemptions</b>                                  | 1 701     | 2 745  |
| <b>Total</b>                                 | 51 175    | 60 612  | <b>Total</b>  | 51 175    | 60 612 |

| State debt                 | 1979   | 1980   | 1981 <sup>1</sup> | 1982   |        |        |
|----------------------------|--------|--------|-------------------|--------|--------|--------|
|                            | Dec.   | Dec.   | Dec.              | Sept.  | Oct.   | Nov.   |
| <b>Foreign debt</b>        | 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     |
| <b>Domestic debt</b>       | 6 225  | 7 625  | 8 771             | 10 017 | 10 498 | 11 035 |
| <b>Total State debt</b>    | 15 189 | 17 966 | 22 102            | 26 348 | 28 837 | 29 337 |
| <b>Total debt mill. \$</b> | 4 061  | 4 642  | 5 052             | 5 482  | 5 382  | 5 301  |

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

# FOREIGN TRADE

Mill. mk

Value, mill. mk

| Period | Value, mill. mk     |                     |  |
|--------|---------------------|---------------------|--|
|        | Exports<br>f. o. b. | Imports<br>c. i. f. | Surplus of<br>exports (+)<br>or imports<br>(-) |
| 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   |
| 1982   | 63 026              | 64 751              | -1 725   |

| Period | Exports<br>f. o. b. | Imports<br>c. i. f. | Surplus of<br>exports (+)<br>or imports<br>(-) |
|--------|---------------------|---------------------|--|
| 1982   |                     |                     |  |
| Jan    | 5 330               | 5 004               | +326   |
| Feb    | 5 472               | 4 786               | +686   |
| March  | 5 294               | 4 982               | +312   |
| April  | 5 079               | 5 379               | -300   |
| May    | 5 118               | 4 918               | +200   |
| June   | 5 416               | 4 985               | +431   |
| July   | 4 284               | 4 849               | -565   |
| Aug.   | 4 260               | 5 461               | -1 201   |
| Sept.  | 4 785               | 5 004               | -219   |
| Oct.   | 5 625               | 5 858               | -233   |
| Nov.   | 6 338               | 6 174               | +164   |
| Dec.   | 6 025               | 7 351               | -1 326   |

| Period    | Exports<br>f. o. b. | Imports<br>c. i. f. | Surplus of<br>exports (+)<br>or imports<br>(-) |
|-----------|---------------------|---------------------|--|
| 1983*     |                     |                     |  |
| Jan.      | 5 026               | 5 553               | -527   |
| Feb.      | 5 620               | 5 062               | +558   |
| Jan.-Feb. |                     |                     |  |
| 1982      | 10 802              | 9 790               | +1 012   |
| 1983*     | 10 646              | 10 615              | +31  |

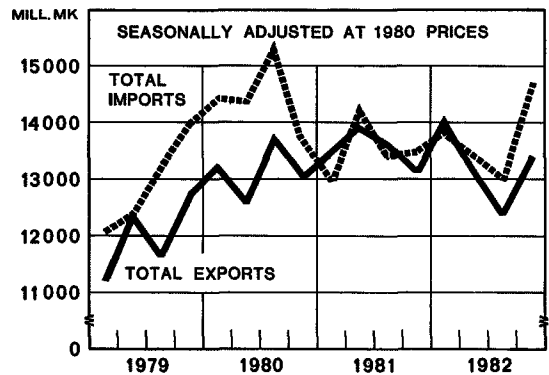
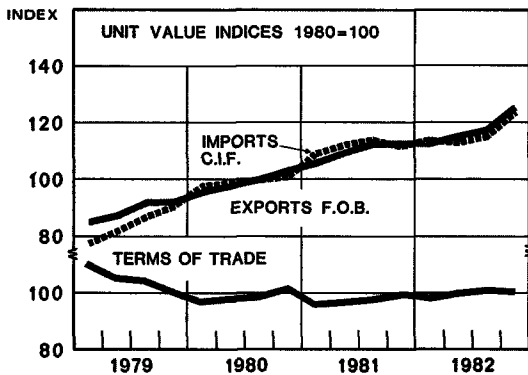
Indices of exports and imports  
1980 = 100

| Period | Indices of exports and imports<br>1980 = 100 |         |            |         | Terms of<br>trade |
|--------|--|---------|------------|---------|-------------------|
|        | Volume                                       |         | Unit value |         |                   |
|        | Exports                                      | Imports | Exports    | Imports |                   |
| 1978   | 84   | 75      | 80         | 74      | 108               |
| 1979   | 92   | 89      | 90         | 86      | 105               |
| 1980   | 100  | 100     | 100        | 100     | 100               |
| 1981   | 103  | 94      | 111        | 112     | 99                |
| 1982   | 101  | 95      | 118        | 117     | 101               |

| Period     | Volume | Unit value | Terms of<br>trade |
|------------|--------|------------|-------------------|
| 1980       |        |            |                   |
| July-Sept. | 97     | 107        | 100               |
| Oct.-Dec.  | 107    | 101        | 104               |

| Period     | Volume | Unit value | Terms of<br>trade |
|------------|--------|------------|-------------------|
| 1981       |        |            |                   |
| Jan.-March | 102    | 84         | 107               |
| Apr.-June  | 106    | 95         | 110               |
| July-Sept. | 95     | 94         | 113               |
| Oct.-Dec.  | 108    | 100        | 114               |

| Period     | Volume | Unit value | Terms of<br>trade |
|------------|--------|------------|-------------------|
| 1982       |        |            |                   |
| Jan.-March | 107    | 88         | 114               |
| Apr.-June  | 102    | 92         | 116               |
| July-Sept. | 86     | 90         | 118               |
| Oct.-Dec.  | 108    | 107        | 126               |



# 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 |             |
| 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         |
| 1982   | 1 676                                   | 6 278                  | 17 502                  | 18 908                               | 18 662      | 41 144                           | 4 869                | 9 195            | 9 130          | 413         |

## 1982

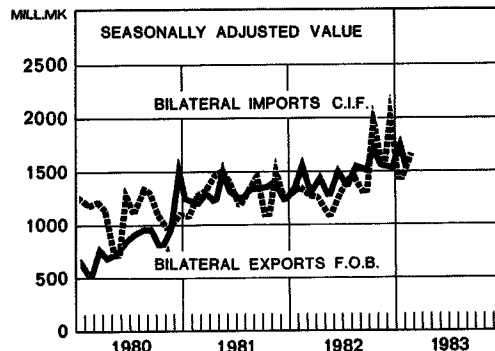
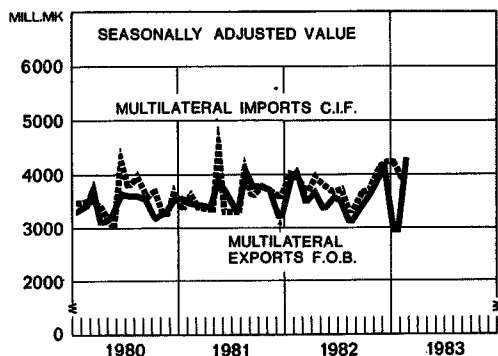
|       |     |     |       |       |       |       |     |     |     |     |
|-------|-----|-----|-------|-------|-------|-------|-----|-----|-----|-----|
| Jan.  | 60  | 460 | 1 546 | 1 427 | 1 837 | 3 153 | 224 | 991 | 631 | 5   |
| Feb.  | 352 | 457 | 1 438 | 1 398 | 1 827 | 3 089 | 267 | 649 | 778 | 3   |
| March | 356 | 461 | 1 622 | 1 240 | 1 615 | 3 189 | 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 | 3 231 | 470 | 639 | 639 | 6   |
| July  | 45  | 421 | 1 293 | 1 570 | 955   | 3 047 | 449 | 713 | 613 | 27  |
| Aug   | 58  | 481 | 1 398 | 1 029 | 1 294 | 3 583 | 499 | 626 | 728 | 25  |
| Sept. | 64  | 517 | 1 375 | 1 346 | 1 483 | 3 158 | 391 | 640 | 771 | 44  |
| Oct.  | 62  | 566 | 1 586 | 1 724 | 1 687 | 3 607 | 559 | 764 | 845 | 83  |
| Nov.  | 56  | 596 | 1 355 | 2 674 | 1 657 | 3 602 | 657 | 975 | 895 | 45  |
| Dec.  | 266 | 631 | 1 522 | 2 165 | 1 441 | 4 744 | 590 | 984 | 882 | 151 |

## 1983\*

|      |     |     |       |       |       |       |     |     |     |    |
|------|-----|-----|-------|-------|-------|-------|-----|-----|-----|----|
| Jan. | 60  | 466 | 1 312 | 1 720 | 1 468 | 3 413 | 348 | 825 | 921 | 46 |
| Feb. | 336 | 563 | 1 422 | 1 550 | 1 749 | 3 205 | 248 | 665 | 901 | 43 |

## Jan.-Feb.

|       |     |       |       |       |       |       |     |       |       |    |
|-------|-----|-------|-------|-------|-------|-------|-----|-------|-------|----|
| 1982  | 412 | 917   | 2 984 | 2 825 | 3 664 | 6 242 | 491 | 1 640 | 1 409 | 8  |
| 1983* | 396 | 1 029 | 2 734 | 3 270 | 3 217 | 6 618 | 596 | 1 490 | 1 822 | 89 |





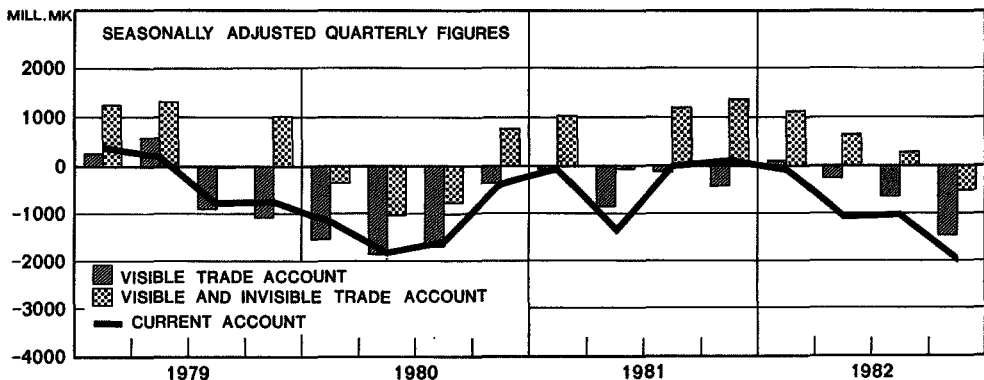
## FOREIGN TRADE BY COUNTRIES

Mill. mk

| Area and country                     | Exports, f.o.b.  |          |       |          | Imports, c.i.f.  |          |       |          |
|--------------------------------------|------------------|----------|-------|----------|------------------|----------|-------|----------|
|                                      | January—February |          |       |          | January—February |          |       |          |
|                                      | 1982*            |          | 1983* |          | 1982*            |          | 1983* |          |
|                                      | %                | Mill. mk | %     | Mill. mk | %                | Mill. mk | %     | Mill. mk |
| <b>OECD countries in Europe</b>      | 56.7             | 6 129    | 53.8  | 5 723    | 54.7             | 5 353    | 53.2  | 5 648    |
| Austria                              | 0.6              | 67       | 0.7   | 70       | 1.2              | 117      | 1.3   | 140      |
| Belgium and Luxembourg               | 1.5              | 162      | 1.6   | 169      | 1.7              | 170      | 1.9   | 203      |
| Denmark                              | 5.1              | 546      | 3.1   | 333      | 2.0              | 199      | 2.6   | 277      |
| France                               | 4.9              | 531      | 4.6   | 493      | 3.3              | 324      | 3.5   | 368      |
| Federal Republic of Germany          | 9.9              | 1 073    | 11.3  | 1 202    | 12.6             | 1 235    | 14.3  | 1 518    |
| Italy                                | 2.2              | 235      | 2.1   | 228      | 2.5              | 246      | 3.2   | 343      |
| Netherlands                          | 2.8              | 302      | 3.1   | 326      | 2.6              | 251      | 2.8   | 301      |
| Norway                               | 3.7              | 396      | 3.4   | 359      | 2.4              | 238      | 2.1   | 224      |
| Portugal                             | 0.2              | 22       | 0.2   | 24       | 0.6              | 57       | 0.7   | 72       |
| Spain                                | 0.7              | 79       | 0.6   | 66       | 0.7              | 66       | 0.9   | 91       |
| Sweden                               | 11.6             | 1 256    | 11.6  | 1 234    | 16.0             | 1 561    | 11.1  | 1 182    |
| Switzerland                          | 1.3              | 141      | 1.4   | 150      | 1.7              | 167      | 1.7   | 178      |
| United Kingdom                       | 9.8              | 1 061    | 8.9   | 947      | 6.8              | 666      | 6.6   | 698      |
| Other                                | 2.4              | 258      | 1.2   | 122      | 0.6              | 56       | 0.5   | 53       |
| <b>OECD countries outside Europe</b> | 6.5              | 703      | 6.0   | 643      | 12.7             | 1 248    | 12.7  | 1 349    |
| Canada                               | 0.9              | 98       | 0.6   | 63       | 1.2              | 115      | 0.7   | 73       |
| Japan                                | 1.7              | 179      | 0.9   | 98       | 4.8              | 468      | 5.8   | 613      |
| United States                        | 2.8              | 304      | 3.7   | 391      | 6.6              | 651      | 5.7   | 607      |
| Other                                | 1.1              | 122      | 0.8   | 91       | 0.1              | 14       | 0.5   | 56       |
| <b>CMEA countries</b>                | 27.0             | 2 913    | 31.0  | 3 302    | 23.8             | 2 332    | 25.2  | 2 678    |
| Czechoslovakia                       | 0.2              | 21       | 0.6   | 69       | 0.6              | 61       | 0.5   | 52       |
| German Democratic Republic           | 0.5              | 51       | 0.4   | 48       | 0.6              | 63       | 0.6   | 68       |
| Poland                               | 0.1              | 9        | 0.2   | 20       | 0.8              | 79       | 1.1   | 112      |
| Soviet Union                         | 25.4             | 2 745    | 29.4  | 3 125    | 20.4             | 1 995    | 22.5  | 2 392    |
| Other                                | 0.8              | 87       | 0.4   | 40       | 1.4              | 134      | 0.5   | 54       |
| <b>Latin America</b>                 | 1.2              | 126      | 1.3   | 137      | 1.9              | 183      | 2.1   | 219      |
| Argentina                            | 0.1              | 11       | 0.2   | 19       | 0.1              | 5        | 0.2   | 15       |
| Brazil                               | 0.2              | 24       | 0.2   | 26       | 0.5              | 52       | 0.6   | 68       |
| Colombia                             | 0.1              | 12       | 0.2   | 20       | 0.5              | 52       | 0.4   | 44       |
| Other                                | 0.8              | 79       | 0.7   | 72       | 0.8              | 74       | 0.9   | 92       |
| <b>Other</b>                         | 8.6              | 931      | 7.9   | 841      | 6.9              | 674      | 6.8   | 721      |
| <b>GRAND TOTAL</b>                   | 100.0            | 10 802   | 100.0 | 10 646   | 100.0            | 9 790    | 100.0 | 10 615   |
| of which                             |                  |          |       |          |                  |          |       |          |
| <b>EFTA countries</b>                | 17.5             | 1 894    | 17.3  | 1 845    | 22.0             | 2 157    | 17.0  | 1 805    |
| <b>EEC countries</b>                 | 38.1             | 4 118    | 35.7  | 3 801    | 31.9             | 3 124    | 35.4  | 3 760    |
| <b>OECD countries</b>                | 63.2             | 6 832    | 59.8  | 6 366    | 67.4             | 6 601    | 65.9  | 6 997    |

# 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 | Unrequited transfers net | Other, net | Current account |
|--------------|------------------------|------------------------|-----------------------|----------------|-------------|---------------------|-------------------------------------|-----------------------|--------------------------|------------|-----------------|
| 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          |
| 1982*        | 62 950                 | 65 200                 | -2 250                | +3 200         | -350        | +900                | +1 500                              | -5 500                | -600                     | +100       | -4 500          |
| <b>1979</b>  |                        |                        |                       |                |             |                     |                                     |                       |                          |            |                 |
| Oct.-Dec.    | 12 562                 | 13 496                 | -934                  | +821           | +5          | +36                 | -72                                 | -550                  | -84                      | +29        | -677            |
| <b>1980</b>  |                        |                        |                       |                |             |                     |                                     |                       |                          |            |                 |
| Jan.-March   | 12 788                 | 13 608                 | -820                  | +878           | -103        | +338                | +293                                | -787                  | -169                     | -5         | -668            |
| Apr.-June    | 12 470                 | 14 029                 | -1 559                | +567           | +80         | +83                 | -829                                | -723                  | -100                     | +55        | -1 597          |
| July-Sept.   | 12 864                 | 15 643                 | -2 779                | +855           | +298        | +100                | -1 526                              | -765                  | -102                     | +34        | -2 359          |
| Oct.-Dec.    | 14 738                 | 15 035                 | -297                  | +764           | +45         | +66                 | +578                                | -1 033                | -83                      | +7         | -531            |
| <b>1981*</b> |                        |                        |                       |                |             |                     |                                     |                       |                          |            |                 |
| Jan.-March   | 14 469                 | 13 620                 | +849                  | +883           | -87         | +104                | +1 749                              | -984                  | -129                     | +10        | +646            |
| Apr.-June    | 15 489                 | 15 808                 | -319                  | +827           | +78         | -145                | +441                                | -1 252                | -127                     | +50        | -888            |
| July-Sept.   | 14 100                 | 15 736                 | -1 636                | +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             |
| <b>1982*</b> |                        |                        |                       |                |             |                     |                                     |                       |                          |            |                 |
| Jan.-March   | 16 089                 | 14 895                 | +1 194                | +803           | -158        | +282                | +2 121                              | -1 097                | -213                     | -2         | +809            |
| Apr.-June    | 15 592                 | 15 421                 | +171                  | +870           | -95         | + 97                | +1 043                              | -1 643                | -185                     | +60        | -725            |
| July-Sept.   | 13 318                 | 15 447                 | -2 129                | +864           | +140        | +263                | -862                                | -1 290                | -160                     | +70        | -2 242          |
| Oct.-Dec.    | 17 951                 | 19 437                 | -1 486                | +663           | -237        | +258                | -802                                | -1 470                | -42                      | -28        | -2 342          |



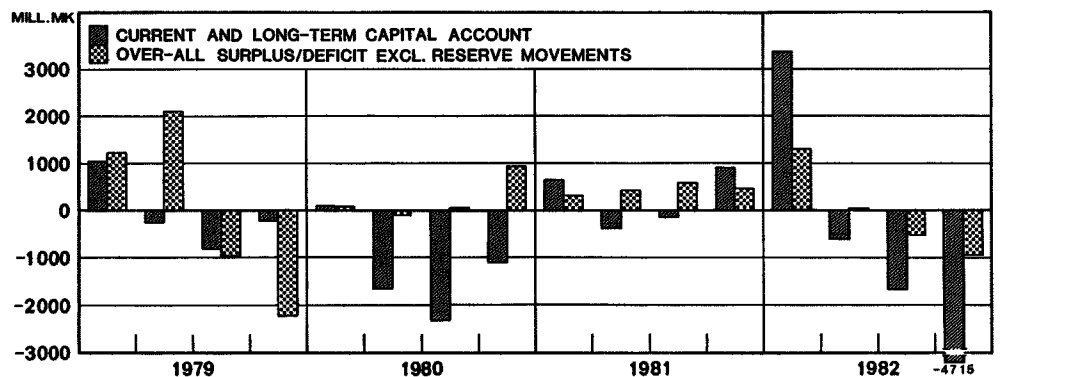
| Drawings of long-term loans | Amortizations of long-term loans | Long-term export credits, net | Miscellaneous long-term capital items, net <sup>1</sup> | Long-term capital account | Current and long-term capital account | Short-term import credits and prepayments, net | Short-term export credits and prepayments, net | Short-term capital of authorized banks, net <sup>2</sup> | Miscellaneous, short-term capital terms, incl. errors and omissions <sup>2</sup> | Over-all surplus deficit excl. reserve movements <sup>2</sup> | Bank of Finland foreign exchange reserves |
|-----------------------------|----------------------------------|-------------------------------|---|---------------------------|---------------------------------------|--|--|--|--|---|---|
| +6 230                      | -4 843                           | -541                          | -337  | +509                      | -252                                  | +831   | -834   | +1 211   | -834   | +122  | -122                                      |
| +6 183                      | -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                                    |
| +10 213                     | -4 712                           | -1 000                        | -3 601  | +900                      | -3 600                                | -700   | 0  | +1 900   | +2 274   | -126  | +126                                      |
| +1 503                      | -872                             | +21                           | -187  | +465                      | -212                                  | +389   | -355   | -474   | -1 573   | -2 225  | +2 225                                    |
| +2 108                      | -1 113                           | -171                          | -65   | +759                      | +91                                   | +302   | -31  | +518   | -797 <sup>3</sup>  | +83   | -83                                       |
| +1 076                      | -997                             | -39                           | -86   | -46                       | -1 643                                | +1 498   | -32  | +1 666   | -1 584   | -95   | +95                                       |
| +1 126                      | -913                             | -36                           | -146  | +31                       | -2 328                                | +711   | -452   | +1 189   | +934   | +54   | -54                                       |
| +873                        | -1 117                           | -187                          | -131  | -562                      | -1 093                                | +744   | -452   | +557   | +1 197   | +953  | -953                                      |
| +1 404                      | -955                             | -227                          | -235  | -13                       | +633                                  | -473   | +789   | -163   | -477 <sup>3</sup>  | +309  | -309                                      |
| +1 948                      | -1 213                           | +11                           | -233  | +513                      | -375                                  | +867   | +790   | -21  | -831   | +430  | -430                                      |
| +1 932                      | -797                             | -91                           | -200  | +844                      | -122                                  | +95  | -571   | -822   | +2 008   | +588  | -588                                      |
| +3 028                      | -1 678                           | -211                          | -158  | +981                      | +917                                  | -1 556   | -571   | +600   | +1 086   | +476  | -476                                      |
| +3 637                      | -806                             | -114                          | -166  | +2 551                    | +3 360                                | -971   | +569   | -1 509   | -137   | +1 312  | -1 312                                    |
| +2 332                      | -1 555                           | -328                          | -323  | +126                      | -599                                  | -30  | +571   | +108   | -5   | +45   | -45                                       |
| +1 859                      | -883                             | -127                          | -253  | +596                      | -1 646                                | -632   | +507   | -516   | +1 743   | -544  | +544                                      |
| +2 385                      | -1 468                           | -431                          | -2 859  | -2 373                    | -4 715                                | +933   | -1 647   | +3 817   | +673   | -939  | +939                                      |

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

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

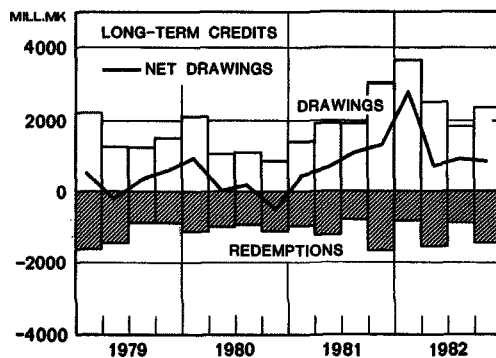
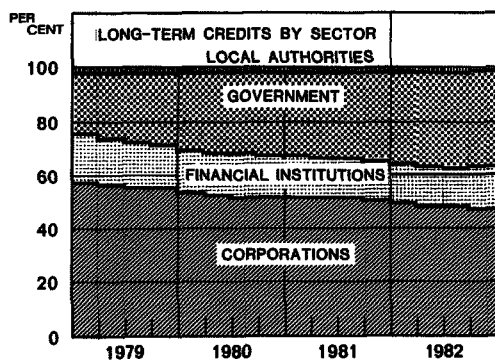
<sup>2</sup> Reserve movements of other foreign exchange holders have been transferred to the short-term capital account. The short-term capital of the authorized banks is shown separately.

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

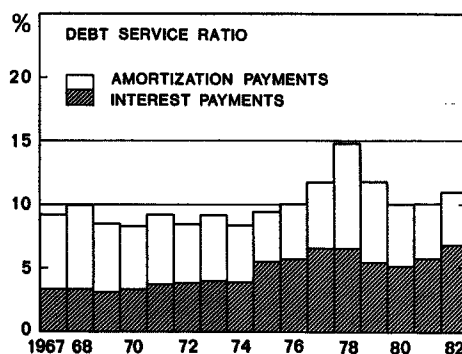
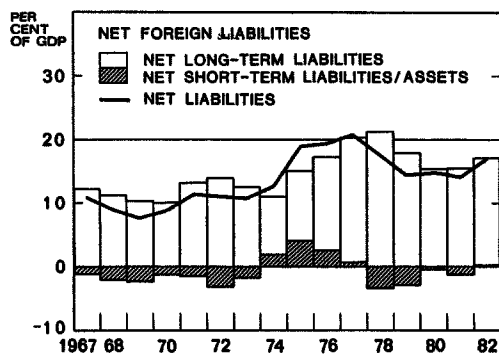


# FINLAND'S FOREIGN ASSETS AND LIABILITIES

| End of year and month | Long-term assets |                   |       |                | Long-term liabilities |                |                   |       |                | Net long-term liabilities (9-4) |
|-----------------------|------------------|-------------------|-------|----------------|-----------------------|----------------|-------------------|-------|----------------|---------------------------------|
|                       | Export credits   | Direct investment | Other | Total (1 to 3) | Financial loans       | Import credits | Direct investment | Other | Total (5 to 8) |                                 |
|                       | 1                | 2                 | 3     | 4              | 5                     | 6              | 7                 | 8     | 9              | 10                              |
| 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                          |
| 1982*                 | 6 628            | 4 626             | 3 796 | 15 050         | 47 547                | 4 608          | 2 223             | 752   | 55 130         | 40 080                          |
| <b>1980</b>           |                  |                   |       |                |                       |                |                   |       |                |                                 |
| March                 | 3 625            | 2 456             | 932   | 7 013          | 29 122                | 4 692          | 1 971             | 288   | 36 073         | 29 060                          |
| June                  | 3 534            | 2 539             | 967   | 7 040          | 28 887                | 4 517          | 1 990             | 268   | 35 662         | 28 622                          |
| Sept.                 | 3 594            | 2 649             | 972   | 7 215          | 29 251                | 4 482          | 2 029             | 278   | 36 040         | 28 825                          |
| Dec.                  | 3 872            | 2 806             | 1 051 | 7 729          | 29 730                | 4 377          | 2 075             | 340   | 36 522         | 28 793                          |
| <b>1981</b>           |                  |                   |       |                |                       |                |                   |       |                |                                 |
| March                 | 4 254            | 2 945             | 1 229 | 8 428          | 30 523                | 4 455          | 2 138             | 442   | 37 558         | 29 130                          |
| June                  | 4 473            | 3 161             | 1 278 | 8 912          | 32 814                | 4 467          | 2 180             | 406   | 39 867         | 30 955                          |
| Sept.                 | 4 559            | 3 329             | 1 282 | 9 170          | 34 414                | 4 377          | 2 168             | 392   | 41 351         | 32 181                          |
| Dec.                  | 4 673            | 3 426             | 1 317 | 9 416          | 35 536                | 4 444          | 2 183             | 391   | 42 554         | 33 138                          |
| <b>1982*</b>          |                  |                   |       |                |                       |                |                   |       |                |                                 |
| March                 | 4 960            | 3 616             | 1 415 | 9 991          | 38 669                | 4 623          | 2 263             | 709   | 46 264         | 36 273                          |
| June                  | 5 361            | 3 741             | 1 471 | 10 573         | 39 847                | 4 456          | 2 313             | 696   | 47 312         | 36 739                          |
| Sept.                 | 5 556            | 4 084             | 1 466 | 11 106         | 41 198                | 4 515          | 2 345             | 687   | 48 745         | 37 639                          |
| Dec.                  | 6 628            | 4 626             | 3 796 | 15 050         | 47 547                | 4 608          | 2 223             | 752   | 55 130         | 40 080                          |



| Short-term assets |   |                  |                  | Short-term liabilities |   |                  |                  | Net short-term liabilities (18-14) | Net liabilities (10+19) | Debt service, flow | Of which amortization payments, flow |
|-------------------|---|------------------|------------------|------------------------|---|------------------|------------------|------------------------------------|-------------------------|--------------------|--------------------------------------|
| Bank of Finland   | Authorized banks and other foreign exchange holders | Corporate sector | Total (11 to 13) | Bank of Finland        | Authorized banks and other foreign exchange holders | Corporate sector | Total (15 to 17) |                                    |                         |                    |                                      |
| 11                | 12  | 13               | 14               | 15                     | 16  | 17               | 18               | 19                                 | 20                      | 21                 | 22                                   |
| 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                                |
| 12 749            | 20 600  | 14 601           | 47 950           | 5 348                  | 29 800  | 12 722           | 47 870           | -80                                | 40 000                  | 8 800              | 3 300                                |
| 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                                  |
| 12 749            | 20 600  | 14 601           | 47 950           | 5 348                  | 29 800  | 12 722           | 47 870           | -80                                | 40 000                  | 2 490              | 1 141                                |



# 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

|       |       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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 |

## 1983

|       |       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Jan.  | 1 169 | 204.4 | 200.9 | 216.7 | 205.9 | 211.9 | 194.3 | 123.3 | 118.9 | 123.9 |
| Feb.  | 1 170 | 204.4 | 201.9 | 213.4 | 204.8 | 213.2 | 196.1 | 123.8 | 118.9 | 124.6 |
| March | 1 166 | 203.8 | 201.7 | 211.2 | 203.2 | 214.5 | 196.4 | 124.5 | 118.9 | 125.6 |

## 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

|       |       |       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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 |

## 1983

|       |       |       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Jan   | 164.8 | 158.7 | 190.3 | 157.6 | 158.4 | 190.1 | 152.4 | 176.5 | 170.4 | 152.6 | 174.1 |
| Feb.  | 165.7 | 160.3 | 190.3 | 160.9 | 158.4 | 190.3 | 153.2 | 176.6 | 171.1 | 152.8 | 175.2 |
| March | 166.6 | 163.2 | 191.2 | 163.4 | 159.7 | 187.8 | 154.0 | 176.6 | 169.5 | 153.0 | 176.1 |

# 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           | 170.4    | 146.3        | 166.0                    | 161.9           | 156.8               | 169.8              | 166.3            | 167.5         | 166.8                       |
| 1981       | 201.3           | 192.5    | 165.6        | 186.1                    | 182.2           | 174.8               | 191.9              | 187.4            | 188.8         | 188.1                       |
| 1982*      | 219.8           | 213.2    | 181.6        | 206.9                    | 201.2           | 194.8               | 211.9              | 207.6            | 208.4         | 208.0                       |
| 1981       |                 |          |              |                          |                 |                     |                    |                  |               |                             |
| July-Sept. | 201.0           | 193.7    | 166.9        | 187.7                    | 183.5           | 175.7               | 193.8              | 189.2            | 190.4         | 189.8                       |
| Oct.-Dec.  | 210.9           | 198.9    | 173.6        | 192.3                    | 187.0           | 179.3               | 199.0              | 193.8            | 195.2         | 194.5                       |
| 1982*      |                 |          |              |                          |                 |                     |                    |                  |               |                             |
| Jan.-March | 215.1           | 206.6    | 176.7        | 197.3                    | 192.5           | 185.0               | 204.1              | 198.6            | 200.9         | 199.7                       |
| Apr.-June  | 223.1           | 214.1    | 179.0        | 206.8                    | 200.7           | 195.0               | 212.2              | 207.4            | 208.8         | 208.1                       |
| July-Sept. | 226.3           | 210.7    | 181.4        | 207.2                    | 201.0           | 194.8               | 211.7              | 207.8            | 207.7         | 207.8                       |
| Oct.-Dec.  | 233.6           | 221.4    | 189.4        | 216.4                    | 210.8           | 204.4               | 220.0              | 216.5            | 216.5         | 216.5                       |

# 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       |                        |                       |             |          |                           |                                |                             |          |                        |        |
| 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                    | 130                   | 70          | 135      | 71                        | 88                             | 113                         | 96       | 134                    | 119    |
| Apr.-June  | 119                    | 132                   | 80          | 138      | 76                        | 92                             | 122                         | 108      | 134                    | 125    |
| July-Sept. | 118                    | 116                   | 193         | 66       | 103                       | 93                             | 122                         | 110      | 136                    | 121    |
| Oct.-Dec.  | 131                    | 136                   | 89          | 158      | 129                       | 97                             | 135                         | 126      | 138                    | 128    |

# PRODUCTION

Index of industrial production 1980=100<sup>1</sup>

| 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 |  |
| 1981   | 102.7 | 109.5            | 103.9          | 101.0                | 105.2                            | 90.7          | 101.3          | 104.1               | 100.1                         | 106.9          | 103.0                                  |
| 1982*  | 101.2 | 109.3            | 100.8          | 99.9                 | 103.8                            | 83.8          | 95.5           | 97.6                | 97.8                          | 107.6          | 101.3                                  |

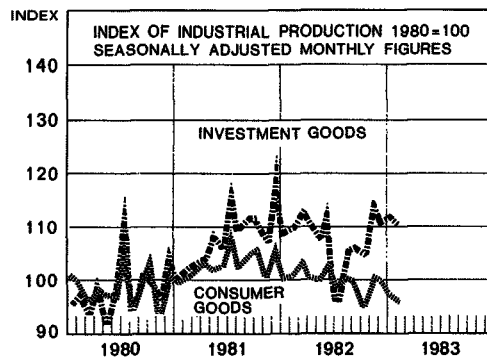
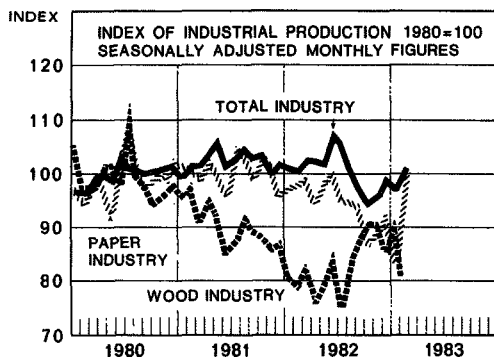
## 1982\*

|       |       |       |       |       |       |       |       |       |       |       |       |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Jan.  | 101.2 | 109.1 | 102.5 | 99.1  | 92.3  | 70.7  | 102.3 | 97.5  | 83.2  | 109.0 | 101.6 |
| Feb.  | 97.6  | 109.7 | 97.8  | 95.3  | 86.1  | 75.7  | 94.8  | 93.1  | 82.2  | 108.3 | 101.3 |
| March | 111.6 | 122.1 | 112.9 | 109.0 | 104.8 | 98.1  | 105.5 | 111.9 | 100.3 | 119.9 | 103.1 |
| April | 100.0 | 111.5 | 101.9 | 97.0  | 96.4  | 86.0  | 84.6  | 106.0 | 93.3  | 110.6 | 102.9 |
| May   | 105.4 | 118.8 | 104.5 | 103.4 | 102.2 | 96.3  | 97.9  | 108.3 | 99.9  | 118.3 | 102.2 |
| June  | 105.5 | 125.0 | 100.0 | 104.6 | 104.5 | 91.6  | 87.6  | 93.6  | 101.1 | 118.1 | 108.1 |
| July  | 69.2  | 45.5  | 64.1  | 75.9  | 92.9  | 33.1  | 96.2  | 62.6  | 61.5  | 46.9  | 106.4 |
| Aug.  | 103.0 | 100.8 | 101.1 | 104.3 | 103.6 | 81.2  | 103.4 | 101.7 | 106.7 | 101.1 | 101.3 |
| Sept. | 106.3 | 116.3 | 106.4 | 104.4 | 109.3 | 101.5 | 96.5  | 101.2 | 122.1 | 115.3 | 97.7  |
| Oct.  | 104.2 | 113.0 | 105.7 | 101.8 | 120.6 | 98.1  | 94.0  | 99.1  | 113.2 | 111.0 | 95.2  |
| Nov.  | 108.6 | 126.0 | 110.2 | 104.7 | 124.7 | 97.7  | 94.8  | 100.8 | 106.8 | 120.9 | 96.3  |
| Dec.  | 101.6 | 113.3 | 102.6 | 99.0  | 107.9 | 75.9  | 89.0  | 95.2  | 102.8 | 112.2 | 99.7  |

## 1983\*

|      |      |       |      |      |      |      |      |      |       |       |       |
|------|------|-------|------|------|------|------|------|------|-------|-------|-------|
| Jan. | 99.7 | 110.7 | 98.2 | 98.4 | 91.0 | 82.6 | 87.3 | 90.5 | 102.5 | 110.2 | 97.9  |
| Feb. | 96.7 | 110.1 | 92.7 | 96.1 | 83.3 | 77.0 | 96.0 | 89.0 | 87.2  | 107.8 | 101.3 |

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





## 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 |
|--------|--|-----------------------------------|-------------------------|----------------------------|---------------------------------------|---|--------------------------------------|-----------------------------------|
| 1979   | 3 593                                    | 2 223                             | 2 134                   | 139                        | 6.1                                   | 44 020 <sup>r</sup>                           | 117                                  | 135                               |
| 1980   | 3 606                                    | 2 315                             | 2 203                   | 112                        | 4.8                                   | 47 840 <sup>r</sup>                           | 119                                  | 141                               |
| 1981   | 3 629                                    | 2 369                             | 2 244                   | 125                        | 5.3                                   | 44 360 <sup>r</sup>                           | 125                                  | 141                               |
| 1982*  | 3 659                                    | 2 430                             | 2 280                   | 150                        | 6.2                                   | 41 435  | 130                                  | 144                               |
| 1982*  |  |                                   |                         |                            |                                       |   |                                      |                                   |
| 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   | 137                                  | 160                               |
| Dec.   | 3 669                                    | 2 388                             | 2 231                   | 157                        | 6.6                                   | 4 793   | 173                                  | 171                               |
| 1983*  |  |                                   |                         |                            |                                       |   |                                      |                                   |
| Jan.   | ..                                       | ..                                | ..                      | ..                         | ..                                    | 3 728   | 113                                  | 118                               |

## CONSTRUCTION OF BUILDINGS

| Period               | Building permits granted |                       |                |                                   |                  | Buildings completed |                       |                |                                   |                  | Building-works under construction |
|----------------------|--------------------------|-----------------------|----------------|-----------------------------------|------------------|---------------------|-----------------------|----------------|-----------------------------------|------------------|-----------------------------------|
|                      | Total                    | Residential buildings | Farm buildings | Industrial and business buildings | Public buildings | Total               | Residential buildings | Farm buildings | Industrial and business buildings | Public buildings |                                   |
| Million cubic metres |                          |                       |                |                                   |                  |                     |                       |                |                                   |                  |                                   |
| 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                             |
| 1982*                | 51.83                    | 19.23                 | 6.71           | 18.93                             | 3.46             | 41.80               | 17.32                 | 5.72           | 13.61                             | 2.64             | 50.48                             |
| 1981                 |                          |                       |                |                                   |                  |                     |                       |                |                                   |                  |                                   |
| 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                             |
| Oct.-Dec.            | 10.63                    | 3.29                  | 0.88           | 4.75                              | 0.93             | 15.37               | 5.83                  | 2.62           | 5.33                              | 0.69             | 50.48                             |

# 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<sub>1</sub>* = 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 1988 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 1983 is as follows: Social Democratic Party of Finland 57, National Coalition Party 44, Centre Party 38, Democratic League of the People of Finland 27, Finnish Rural Party 17, Swedish People's Party 11, Christian League of Finland 3, The Greens 2 and Finnish People's Constitutional Party 1

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

AGRICULTURE (1981). Cultivated land 2.4 million hectares Number of holdings 218 904 of which 151 956 are of more than 5 ha. Measure of self-sufficiency in bread cereals (1982) 56%.

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, 1982): Length 6 071 km

MERCHANT FLEET (March 31, 1983): Passenger vessels 154 (257 088 gross reg. tons), tankers 44 (1 082 517 gross reg. tons), dry cargo vessels 187 (842 460 gross reg. tons), other vessels 100 (15 474 gross reg. tons), total 485 (2 197 539 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1982): Passenger cars 1 352 055 lorries and vans 161 680, buses 9 066, others 9 896, total 1 532 697

FINNISH AIRLINES (May 1, 1983): Finnair has in use 1 DC-8, 8 DC-9-10, 6 DC-9-41, 12 DC-9-51, 3 DC-10-30, 3 DC 9 Super 82 and 2 Fokker F-27. Company has scheduled traffic outside of Finland to 38 airports and to 21 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 24.2 Skr 16.4, £ 13.2, DM 13.2, \$ 8.9, 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, 1982). There are two big and five small commercial banks with in all 900 offices, 272 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-four private insurance companies also grant credits.

RATES OF INTEREST (May 1, 1983). 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 ½% and sight deposits 1 ¼%. The highest lending rate 13%.

# THE FINNISH ECONOMY IN 1982 AND THE CURRENT OUTLOOK

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## INTRODUCTION

Although Finland experienced only modest economic growth in 1982 and certain imbalances existed, the performance was nevertheless satisfactory by international standards. Real GDP grew by more than one per cent, whereas there was a small decline in countries important for Finnish exports. With exports decreasing, the growth of output was based on domestic factors, primarily a marked increase in private and public consumption engendered by economic policy supporting demand. Since demand was largely focussed on production in labour-intensive industries, the number of employed persons grew further and there was only a moderate increase in the rate of unemployment.

With the recovery of the international economy, there is every chance of a reasonable economic upswing in Finland. Even so, uncertainty surrounds the medium-term prospects for both the world economy and Finland, and growth is likely to be only modest. Economic policy will therefore have to attach particular attention to structural issues in addition to cyclical considerations. In fact, for several years now, efforts have been made to promote the structural adjustment of the economy, in part so as to remove unemployment of a more permanent nature. To provide a background for the analysis of recent cyclical developments, the following section discusses some major trends over a longer time span.

## STRUCTURAL TRENDS

Also during the post-1973 period of oil crises and low rates of growth, the Finnish economy has continued to display pronounced cyclical fluctuations. After several years of exceptionally

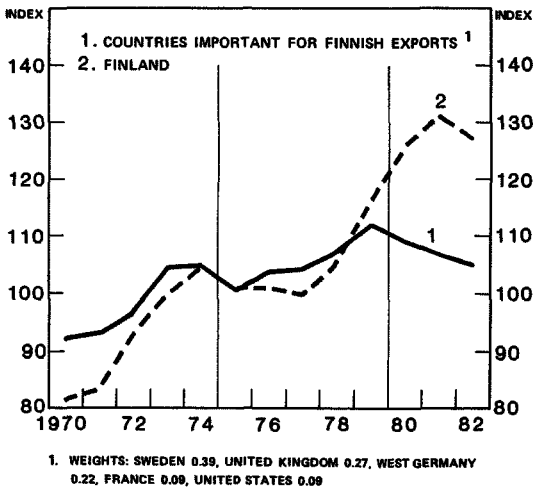
modest growth, total output increased by a total of 14 per cent in 1979—80, but has subsequently advanced by only about one per cent per year. On average, growth has nevertheless been slightly faster than in the OECD area as a whole.

Although there is no doubting the importance of strong export-led cyclical upswings for long-term growth in Finland, efforts have increasingly been directed towards reaching a more stable growth path. In particular, large devaluations with far-reaching consequences for income distribution and cost developments have been replaced by a more flexible exchange rate policy. Instead of exchange rate changes the maintenance of international competitiveness has come to rely more on moderate incomes and pricing policies as well as on the improvement of the real external competitiveness of the economy.

The strengthening of real competitiveness has been a prime policy objective especially since 1977, when the emphasis of policy was reorientated towards the expansion of the open sector. The basic thrust of policy has been to enhance the overall operating conditions of firms and to foster structural change through such measures as tax concessions and reductions in social security contributions, whilst at the same time adopting a fairly reserved attitude towards supporting ailing firms and branches. A fundamental principle underlying the medium-term strategy has been to contain the growth of the public sector.

Hence, the growth of output in Finland has largely rested on the expansion of the open sector. In 1973—82, industrial production in Finland increased by nearly 30 per cent, whereas there was virtually no growth at all

**CHART 1. VOLUME OF INDUSTRIAL PRODUCTION, 1975 = 100**



in countries important for Finnish exports (Chart 1). Apart from the faster growth of total output in Finland, this development has also been evident in the fact that in recent years the external balance has not assumed the central significance in limiting the scope for policy action that it did in the past.

In addition to demand management, another factor bolstering industrial output in times of escalating oil prices has been Finland's bilateral trade with the Soviet Union. Since Finland imports the bulk of her oil requirements from the Soviet Union, it has been possible to meet the higher oil bill by substantially increasing exports. Indeed, during the past ten years, the share of the Soviet Union in Finnish exports has risen by over 10 percentage points to about a quarter of Finland's total exports. Deliveries to the Soviet Union have provided a particularly welcome boost to certain consumer goods industries which otherwise would have faced serious difficulties on account of the slackening of demand in western markets.

**INTERNATIONAL ENVIRONMENT AND EXPORTS IN 1982<sup>1</sup>**

It was generally assumed that the world economy would show a distinct improvement in the course of 1982, but forecasts were

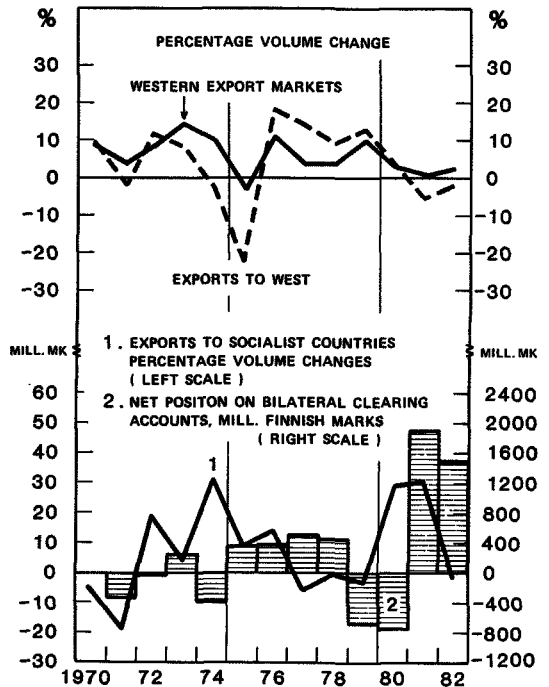
<sup>1</sup> For more detailed information, see the back article of the March 1983 Bulletin.

subsequently lowered as the year progressed. The stringent economic policies pursued in most of the OECD countries quickly reduced the rate of inflation but at the cost of large losses in production and employment. The losses were particularly large in countries important for Finnish exports, where GDP decreased by even more than the 0.2 per cent estimated for the OECD area as a whole.

Besides the weak growth of markets, changes in exchange rates abroad together with cost developments in Finland worsened the prospects for exports. The volume of Finland's western exports declined for the second year running, this time by 2 per cent (Chart 2). Forest-industry exports, most of which are sold in western markets, decreased by 5 per cent. In the metal and engineering industry, new orders fell off but exports nevertheless increased because of deliveries of goods ordered earlier.

A sharp turnaround took place in the bilateral trade position. The steep rise in the price of oil in 1979 had opened up new outlets for exports to the Soviet Union, and in 1980-81 deliveries to that country expanded in volume

**CHART 2. EXPORTS AND GROWTH OF MARKETS**



by about a third each year. Subsequently, however, the trade account swung into a sizable surplus in Finland's favour and in 1982 a slight cutback in exports was called for in order to obtain reasonable balance in payments between the two countries.

An overall decline of 3.5 per cent in exports of goods and services weakened Finland's trade account. Since imports increased at the same time, net exports imparted a negative contribution of some one and a half percentage points to growth in 1982.

## ECONOMIC POLICY

### BASIC AIMS

To mitigate the deflationary effects of the weakening of foreign demand, economic policy had already been eased in early 1981. The relaxation was particularly noticeable in monetary policy, and was made possible by the good external balance of the economy as compared with corresponding cyclical phases in the past. Fiscal policy was relatively cautious in 1981, but an expansionary stance was adopted last year.

A key policy objective was to prevent a cyclical rise in unemployment, but at the same time it was emphasized that the rate of inflation would have to be brought down in order to secure Finland's external competitiveness. In endeavouring to achieve these goals, which were contradictory in the short term, the expansionary stance of fiscal and central bank policies was kept moderate, while specific measures were implemented to counter unemployment and inflation. The budget proposal for 1982 had already stressed the need for the readiness to undertake expansionary action should the recession persist, and measures of this type were subsequently resorted to in the course of the year.

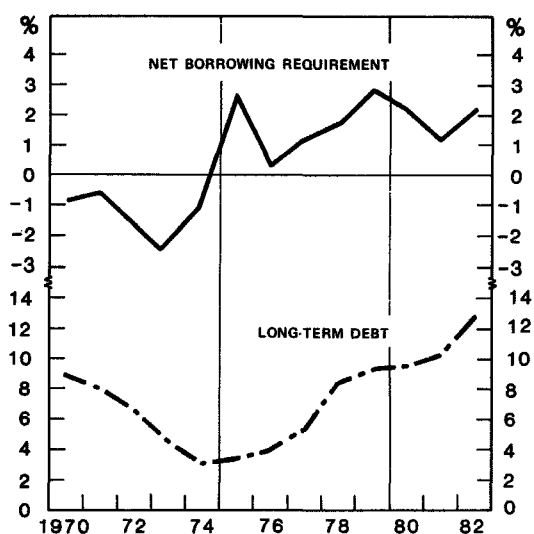
Clarifying the nature of the task facing demand management were the two-year pay settlements concluded in the spring of 1981. The indexation clause contained in these agreements

underlined the need to refrain from action that might accelerate inflation. The two-year agreements were reached at a time when the outlook for growth was still optimistic. When, however, the forecasts of a relatively quick recovery failed to materialize, the agreements proved to be more inflationary than anticipated.

### FISCAL POLICY AND PUBLIC FINANCE<sup>1</sup>

With the relaxation of fiscal policy, the central government's net financing requirement doubled last year, but even so it still amounted to no more than 2 per cent of GDP (Chart 3). In contrast to the expansionary phase in 1977—1978, the widening of the deficit was mainly due to a substantial increase in expenditure. Personal income tax scales were adjusted for inflation in the usual fashion and it was also judged necessary for recovery purposes to retain the tax concessions granted to industry. Moreover, increases in public charges were strictly limited. In conjunction with the devaluation of the Finnish mark in the autumn, the fiscal concessions were expanded: for instance, the temporary 33 per cent sales tax reduction on investment in industrial machinery and equipment was raised to 80 per cent and extended indefinitely. The net tax ratio declined because of an increase in current

**CHART 3. CENTRAL GOVERNMENT FINANCES, PER CENT OF GDP**



<sup>1</sup> For a more detailed description, see the forthcoming back article in the June—July 1983 issue of the Bulletin.

transfers; the gross tax ratio stood at 36.5 per cent.

The State's borrowing requirement (excluding redemptions) amounted to 5.1 billion marks, of which slightly more than half was taken up abroad. In addition, 0.4 billion marks of the counter-cyclical funds held in the Bank of Finland was utilized. The State debt also increased as a result of the adverse impact of exchange rate changes, but at the end of the year the gross debt was still equivalent to no more than 13 per cent of GDP.

#### CENTRAL BANK POLICY AND FINANCIAL MARKETS

The expansionary stance of monetary policy was maintained in 1982. Liquidity stemming, in particular, from the surplus in the bilateral trading account led at times to excessive ease in financial markets, and during the year measures were taken to tighten the liquidity position of the banking system. In the autumn, for example, the cash reserve requirement of the banks was raised from 3.0 per cent to 3.3 per cent. The most significant general monetary policy action was the lowering of the overall level of interest rates by three-quarters of a percentage point from the beginning of June, the aim being to encourage a further weakening in inflationary expectations.

After the mark had been revalued three times by a total of 5 per cent in 1979—1980, the principal objective of exchange rate policy had been to keep the external value of the mark unchanged as measured by the currency index. However, Finland's international competitiveness gradually weakened and with the continuation of the recession in 1982 as well as mounting pressures against the Swedish krona expectations of a devaluation of the mark began to strengthen. In September and October there was a substantial outflow of short-term capital.

The Finnish authorities reacted to the situation by lowering the value of the mark, first by 4 per cent and then by a further 6 per cent

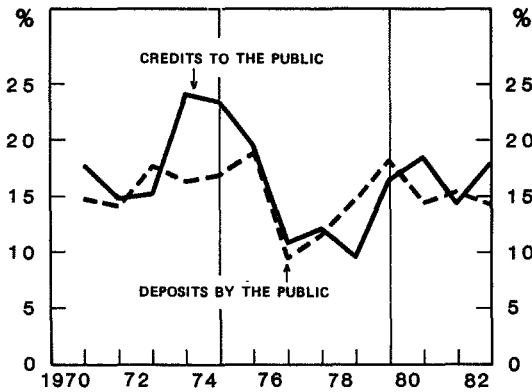
following the 16 per cent Swedish devaluation. To keep the size of the devaluation as small as possible, the government at the same time took other action to help support corporate income developments. In the same context, the Bank of Finland tightened slightly the terms of commercial banks' central bank finance.

The initial response of the financial markets to the devaluation was cautious, but towards the end of the year most of the speculative currency that had fled the country in the autumn returned. Capital imports were sustained by the decline in foreign interest rates in the course of the year. However, the long-term capital account would have shown a deficit had it not been for net borrowing of 3.2 billion marks by the State.

Indicative of the ease prevailing in financial markets in 1982 was the continued strength of monetary expansion. Banks' lending to the public increased by 18 per cent, while deposits grew by 14 per cent (Chart 4). The figures were influenced by movements of so-called market money, part of which show up in bank balance sheets, but notwithstanding the problems of interpretation associated with monetary aggregates there is no doubting that there was ample liquidity in the financial markets practically throughout the year.

With the reversal in the upward trend of oil prices, the large surplus in Finland's trade with the Soviet Union threatened to lead to a sharp and — from the cyclical point of view — ill-timed fall in bilateral exports. To forestall this, the credit limit applied to the Bank of Finland's clearing account was raised under an agreement between Finland and the Soviet Union to approximately 2.2 billion marks, twice the previous limit. In addition, an equivalent amount of Finland's assets was transferred from the clearing account to a special interest-bearing term account, which is due to be run down into the clearing account in 1984—1986. Thanks to these measures and certain other arrangements it was possible to prevent a drastic decline in Finland's exports to the Soviet Union in 1982—1983.

**CHART 4. BANK CREDITS AND DEPOSITS, ANNUAL PERCENTAGE CHANGE**



**THE POSITION OF FIRMS AND HOUSEHOLDS**

The distribution of income between the corporate sector and households had been largely determined by the two-year collective agreements concluded in the spring of 1981. The agreements included an indexation clause. Since the index threshold had been slightly exceeded in 1981, the 8 per cent rise in negotiated wages last year contained a 0.6 per cent index adjustment. The threshold for the period January—November 1982 was 7 per cent. Consumer prices included in the wage revision index actually rose 7.6 per cent, but as Finland's terms of trade over the period stipulated in the agreement deteriorated by a little over 1 per cent, the threshold was exceeded by only 0.2 per cent. The corresponding adjustment to wages and salaries was made earlier this year. Taking into account wage drift, nominal earnings rose by about 10.5 per cent, while real earnings grew by 1.2 per cent.

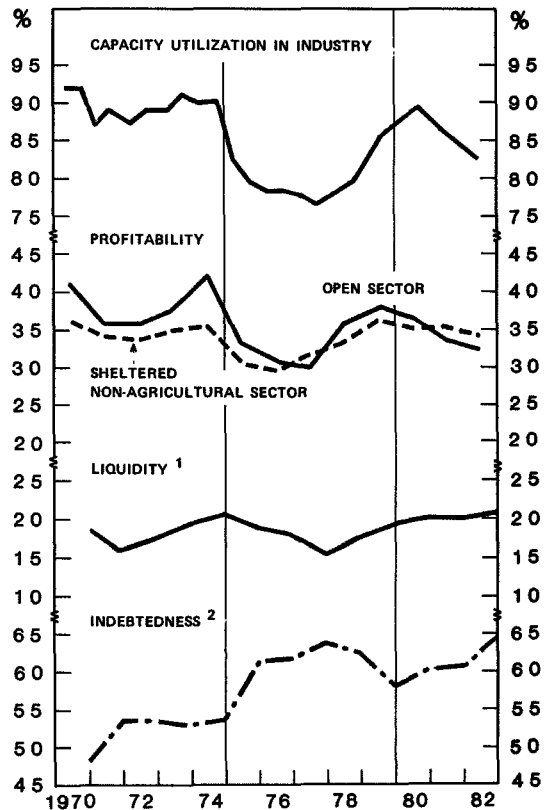
The weak growth of export earnings strained corporate profitability, especially in the forest industries (Chart 5). Overall, export prices increased last year by 6.6 per cent, but in the wood products industry, for example, prices did not advance at all. On the other hand, companies in several branches benefited from the 2 per cent improvement in the terms of trade. There were quite large differences in profitability between different branches: whereas the wood industry encountered serious diffi-

culties, profitability was still good in parts of the metal and engineering industry.

Apart from the positive contribution stemming from the improvement in the terms of trade, incomes and demand were boosted by the expansionary domestic economic policy. Virtually all key components of private domestic demand grew more than would have been expected under normal cyclical conditions (Chart 6). On the other hand, the trade-off between real demand and inflation was perhaps unexpectedly good. Even if the prices of certain capital goods, notably stock market prices and the prices of dwellings, increased sharply, the rate of overall inflation kept falling until the October devaluations.

Corporate fixed investment suffered an overall decline, but only of some 2 per cent. Investments in the forest industries shrank by 12 per cent following the completion of a number

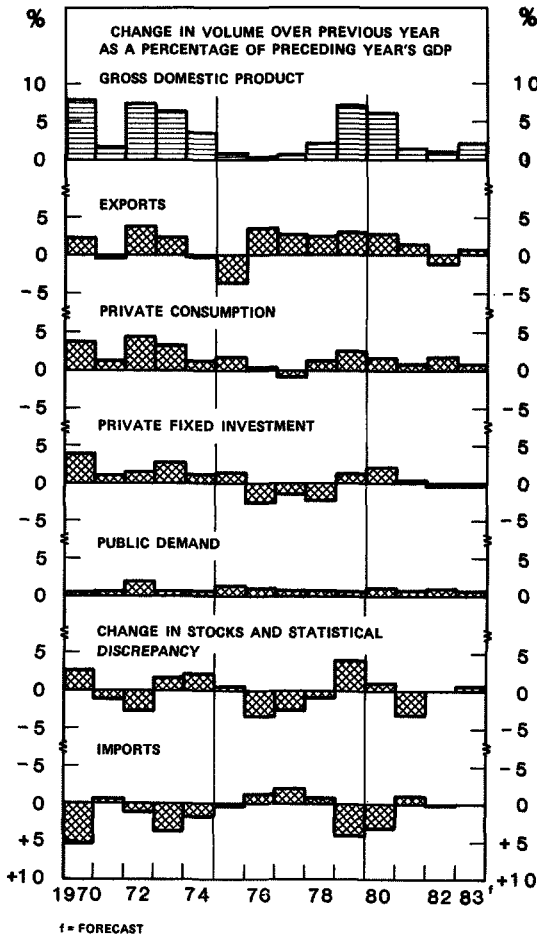
**CHART 5. CORPORATE SECTOR INDICATORS**



1. RATIO OF BANK DEPOSITS AND SHORT-TERM FOREIGN ASSETS TO TOTAL DEBT  
2. TOTAL GROSS DEBT AS A PERCENTAGE OF GDP



**CHART 6. CONTRIBUTION TO THE GROWTH OF GROSS DOMESTIC PRODUCT IN 1970—1983**



consume (Chart 7). To a larger extent than usual the growth of consumption rested on the use of credit. The propensity to consume rose towards the end of the year under the influence of the devaluations and the ensuing price freeze. On the other hand, even the easy credit conditions in the home loan market were not enough to encourage a marked revival in residential investment, which has been declining since its peak in the mid-1970s.

**TOTAL OUTPUT AND EQUILIBRIUM OF THE ECONOMY**

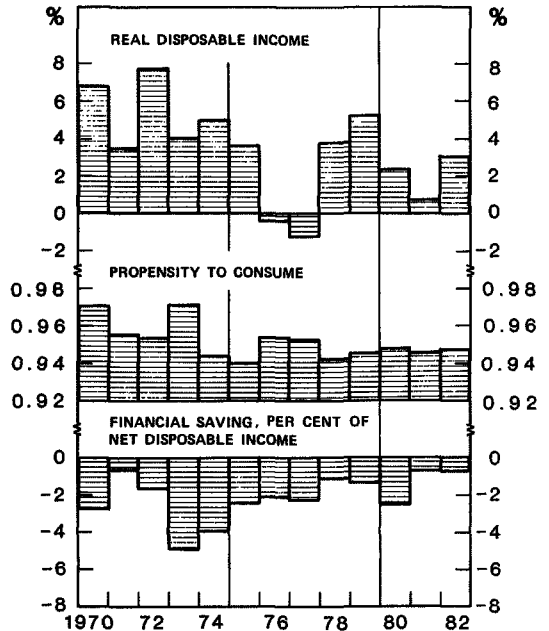
Altogether, domestic demand increased by 2 ½ per cent last year, but total output nevertheless grew by only about one per cent because of the weak external developments. Manufacturing output declined by about 1 ½ per cent, largely influenced by the 6 per cent drop in production in the forest industry. By contrast, output in the metal and engineering industry grew slightly on the strength of previous orders.

Reflecting, in particular, the steady growth of the demand for services, the number of em-

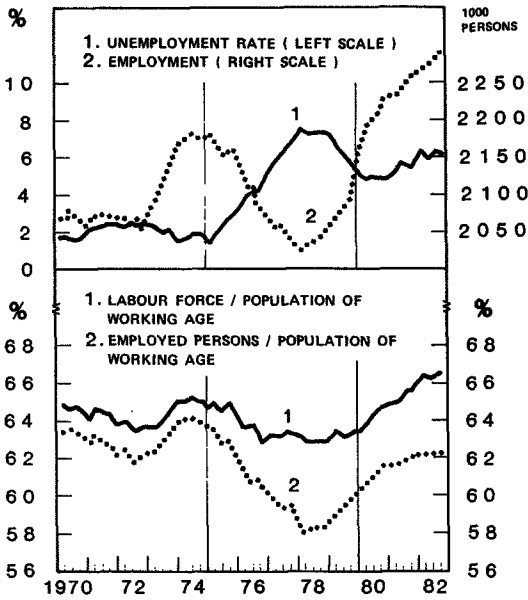
of large projects. Corporate investment in machinery and equipment remained at the level of the previous year. In particular, firms in small and medium-size industries as well as in service branches carried out investments under the stimulus of tax concessions and the ready availability of finance. Investments in the service industries received a boost from the phased dismantling in 1981—1982 of the special investment tax in force since 1980. There were considerable fluctuations in inventory investment in the course of the year, but for the year as a whole they did not have the negative impact on total output typical of this cyclical phase.

Household consumption rose by over 3 per cent in 1982, appreciably more than forecast. There was a slight rise in the propensity to

**CHART 7. HOUSEHOLD SECTOR INDICATORS<sup>1</sup>**

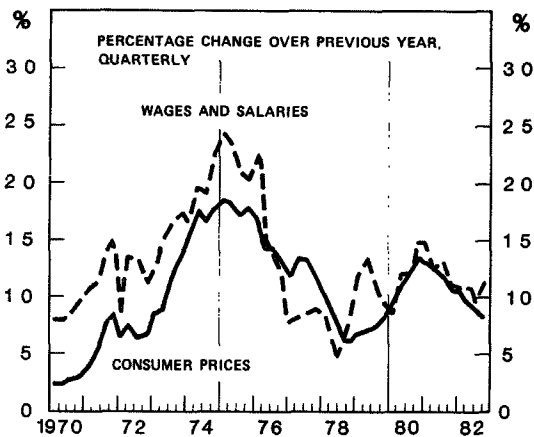


<sup>1</sup> Including non-profit institutions.

**CHART 8. LABOUR MARKET**

employed persons climbed further and was some 1 ½ per cent greater than in the previous year (Chart 8). The supply of labour increased by even more, however, owing to a higher participation rate and net immigration. Hence, the unemployment rate rose by about one percentage point to over 6 per cent.

Even though the increase in consumer prices was somewhat faster than in the OECD area on average, until the autumn inflation decelerated at a slightly faster rate than in other OECD countries. In the 12 months to October, consumer prices rose by 7.6 per cent and

**CHART 9. PRICES AND WAGES**

wholesale prices by slightly less (Chart 9). Contributing to lower inflation was a marked slowdown in the rise in foreign trade prices and the moderation shown by the central government in raising public charges. After the devaluations, however, the pace of inflation quickened and the year-on-year rate had accelerated almost two percentage points by the end of the year. Consumer prices increased on average by 9.3 per cent in 1982.

Finland's external balance weakened in 1982 but the deterioration appears to have been largely of a temporary nature. There was a deficit of about 2 billion marks in the trade account. This originated entirely in western trade, since there was a small surplus in bilateral trade with socialist countries. The current deficit in convertible currencies increased to 7.0 billion marks but the surplus in the tied currency accounts limited the total current deficit to 4.5 billion marks. Owing to the current account deficit and exchange rate changes, Finland's total net external debt in relation to GDP increased by about 3 percentage points to 17 per cent of GDP.

Viewed in terms of the overall financial balance of the economy, the widening in the current account deficit was due primarily to a decline in the saving rate. The gross saving rate was 21 per cent. In particular, there was a decline in public saving and a slowdown in the growth of pension funds. Total saving of the economy was at an historically low level, but still fairly satisfactory when compared internationally.

## THE CURRENT OUTLOOK AND POLICY PROBLEMS

The slowdown in inflation in industrial countries has improved the outlook for recovery in the international economy and thus also for demand conditions for Finnish exports in western markets. Western exports are expected to increase in the current year, but a significant expansion cannot be expected until 1984. Since, however, lower oil prices are also ex-

pected to lead to a substantial contraction in exports to the Soviet Union, the contribution of total exports to the growth of output will be modest by past standards.

Although the increase in real income stemming from, *inter alia*, the improvement in the terms of trade should provide a stimulus to domestic demand, the growth of industrial production is likely to remain more moderate than usual in the next upturn. Also militating against vigorous growth is the fact that the current recession has not been very deep. After an exceptionally high rate of growth last year, consumption is likely to increase only slowly. Nor is fixed investment expected to post a strong recovery, not even in 1984. Owing to a further increase in the participation rate, unemployment is forecast to rise in the current year. Countercyclical policy tools alone will not be sufficient to bring unemployment down significantly in the next few years from its current level of about 6 per cent.

The new 12-month pay settlements concluded this spring are projected to raise the average level of earnings by a little over 3 per cent in the current year.<sup>1</sup> When the carry-over effects from the previous year and wage drift are taken into account, the rise in nominal earnings could approach 10 per cent. Cost pressures emanating from foreign trade prices have been small in recent months, and this gives grounds for expecting consumer price inflation to slow down to 8—9 per cent. Though Finland's cost developments and the depreciation of the currencies of competitor countries have to some extent eroded the competitive edge gained by the autumn devaluations, Finland's external competitiveness can nevertheless be regarded as relatively satisfactory.

The fairly large deficit in western trade over the past six months or so and uncertainties relating to the exchange rates of certain major currencies have been important factors behind the decline in the convertible foreign exchange

assets of the Bank of Finland during the spring. Facilitating the currency outflow has been the good liquidity position of the public, which, in turn, has been sustained by an increase in tied reserves. On the other hand, monetary policy has been tightened. The cash reserve requirement for banks has been raised in a series of steps to 4.7 per cent of deposits. Effective May 1, the call money market rate was raised to 15 per cent; the simultaneous removal of the penalty interest surcharges completed the gradual shift towards a uniform call money rate.

Central government operations will continue to exert an expansionary impact in the current year. The net financing requirement is estimated to rise by one percentage point to about 3 per cent of GDP, although, *inter alia*, the two percentage point increase in the sales tax at the beginning of June should reduce the size of the deficit towards the end of the year. Preliminary plans point to a distinctly tighter budget for 1984. It is expected that the State will continue to cover roughly half of its financing requirement through borrowing abroad, but the external indebtedness of the total economy is expected to decrease in relative terms as firms repay foreign loans at a time when their interest in direct investment abroad has also increased noticeably.

From the point of view of demand management, the reduction of State deficits and the balancing of bilateral trade could constitute stabilizing factors in the expected economic upturn. The need to depress inflation to the level prevailing in competitor countries will no doubt require a quite restrictive policy stance. A rapid rise in export prices could easily generate cost increases and, although competitiveness as measured by the profitability of firms might prove satisfactory for the next few years, it would probably weaken sharply with the onset of recession. Lower inflation will also facilitate the achievement of a reasonable real rate of interest, thereby supporting important structural aims, such as increasing efficiency in investment.

<sup>1</sup> See the front article of this Bulletin.

## ITEMS

**New monetary policy regulations.** As of 1st May 1983, the lending rate controls applying to the deposit banks and the regulations governing the call money market have been modified.

The banks can now pass on in their lending rates 40 per cent of the cost of funds obtained in the unregulated rate market. Previously the limits on the banks' average lending rates took no account of the cost of funding in this market, which has grown rapidly in recent years.

The Bank of Finland has asked that the increase in average lending rates be made by raising rates on new and renegotiated credits. Interest rates on credit supplied within the context of special financing arrangements are not to be raised. Rates on housing finance are also not to be raised or to be raised by the smallest possible amount. The maximum allowable lending rate was lifted from 12.5 per cent to 13 per cent, and the recommendations concerning interest rate differentiation were abolished. The Bank of Finland's base rate remains unaltered at 8 ½ per cent.

The Bank of Finland has also decided to abolish the surcharges on call money borrowing. This means that all participants in the call money market face the same marginal interest rate irrespective of whether they deposit funds or borrow.

These measures do not constitute a change in the Bank's present monetary policy stance. They were made in response to disintermediation and the emergence of tensions between different segments of the financial market. The measures are significant in that they represent a modification in policy approach, but they are not expected to have a major impact on the financial market or the conduct of monetary policy in the short-run. It has been estimated that the changes in lending rate controls will not cause average lending rates

to rise by more than 0.2 per cent in the near future.

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(continued from page 2)

The year-on-year rise in the consumer price index in the first quarter of 1983 was 8 per cent. Thus, the short-term inflationary effects of the devaluations have been slightly smaller than anticipated. But, the rate of inflation is unlikely to decelerate in the course of the year, in part because of the upward pressures on consumer prices emanating from the income settlements and the increase in the sales tax rate.

As in 1982, average earnings and household disposable income are estimated to grow somewhat in real terms this year. Unemployment is expected to show a further — albeit slight — rise, with the average rate of unemployment in 1983 amounting to 7 per cent. Growth of private consumption is likely to be small and fixed investment will, at best, remain at last year's level. The growth of output is not expected to pick up until demand for Finnish products in western markets recovers later this year.

Several factors suggest that the forthcoming cyclical upswing will not have the same strength in Finland as it did in 1979 and 1980, for example. The surplus in Finland's favour which has built up in the bilateral trade account will restrict the scope for exports to the Soviet Union. Expansionary economic policy has helped to sustain the growth of domestic demand during a recessionary phase in exports and consequently investment activity is unlikely to be as vigorous as during earlier upturns. Since, moreover, average growth in western markets will evidently continue to be slow in the longer term, safeguarding price competitiveness will remain a key objective and problem of Finnish economic policy over the next few years.

April 22, 1983



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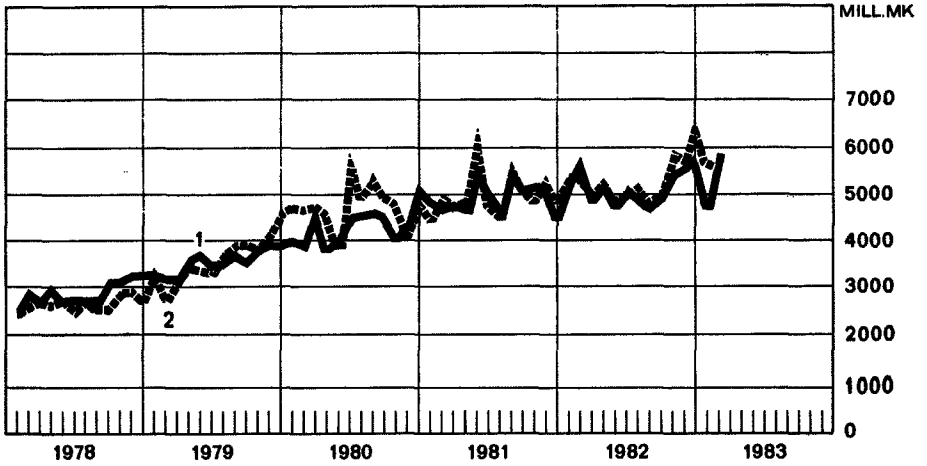
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*Data Processing*

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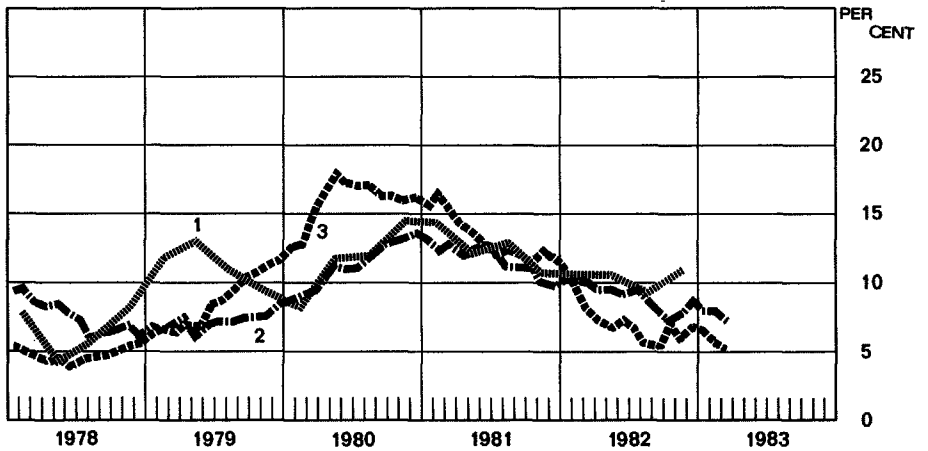
**FOREIGN TRADE, 1978-83**

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



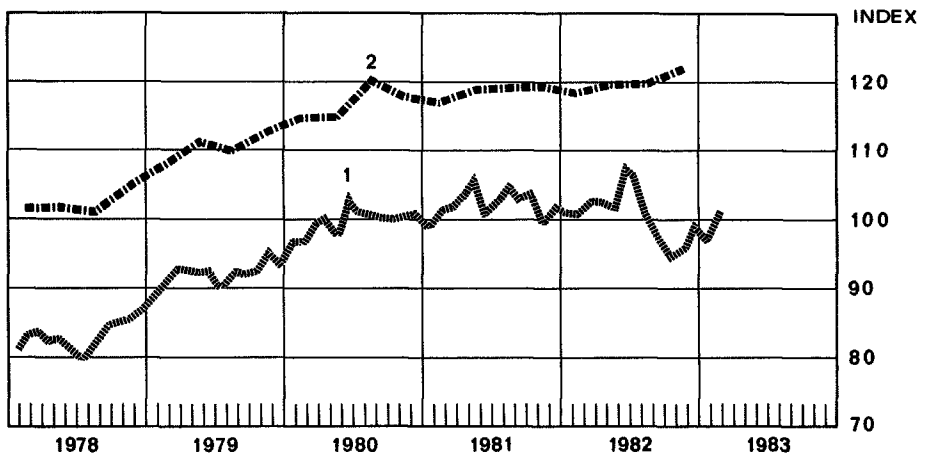
**PRICES AND WAGES, 1978 - 83**

- 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, 1978 - 83**

- 1. Total index of industrial production 1980 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1975 = 100, seasonally adjusted quarterly figures



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