

BANK OF FINLAND

Monthly Bulletin

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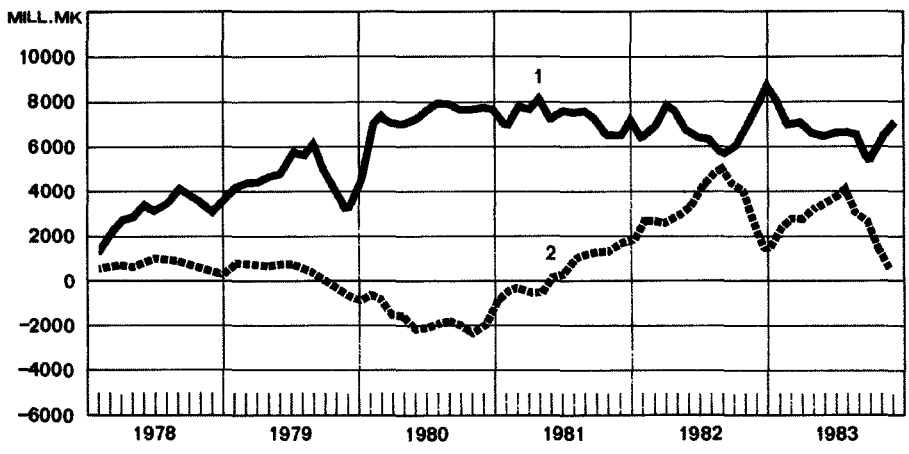
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JANUARY 1984

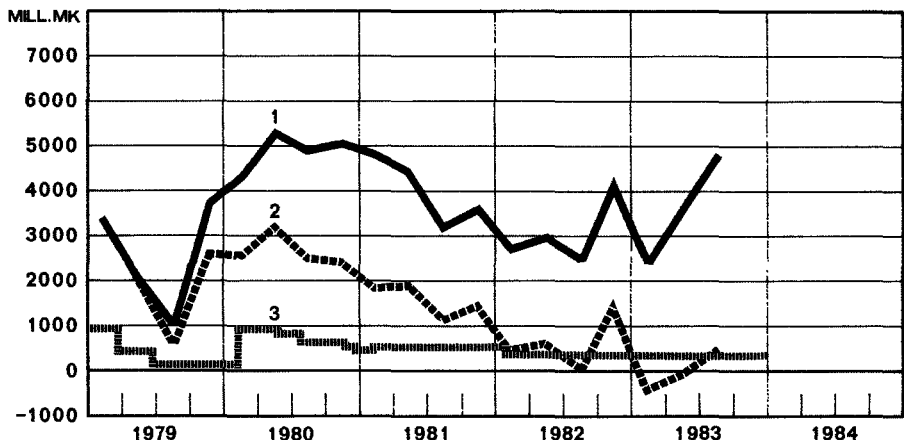
Vol. 58 No. 1

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



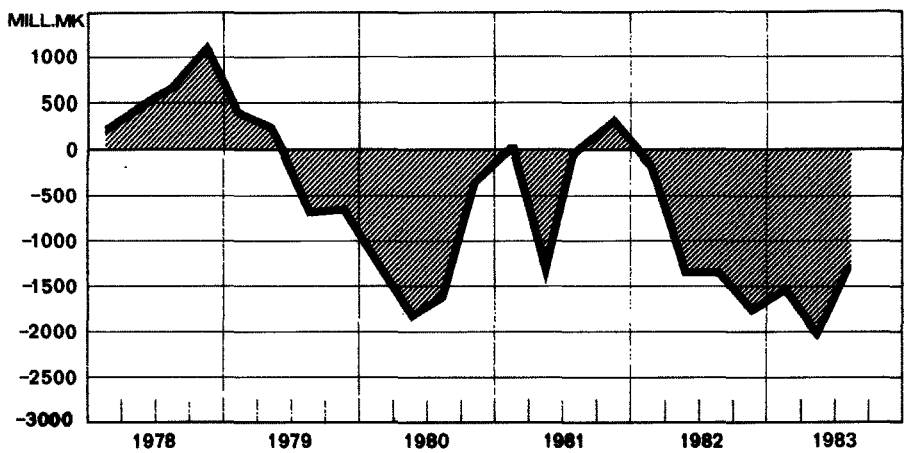
- 1. Gold and convertible reserves
- 2. Tied currencies

COMMERCIAL BANKS' CENTRAL BANK POSITION, 1979 - 84



- 1. Gross central bank debt
 - 2. Net central bank debt
 - 3. Quotas
- Quarterly average of daily amounts (1 and 2)

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1978 - 83



Seasonally adjusted quarterly figures

STATEMENT BY MR. ROLF KULLBERG, GOVERNOR OF THE BANK OF FINLAND, ON THE OCCASION OF THE CLOSING OF THE ACCOUNTS FOR 1983

Economic developments in Finland in 1983 remained favourable by international standards, with total output again growing more rapidly than in the OECD countries on average. This was mainly attributable to economic policies bolstering domestic demand, which, among other things, resulted in a modest but steady increase in investment throughout the recession. The rise in unemployment was smaller in Finland than elsewhere and was due to an increase in the supply of labour. The current account balance remained satisfactory, thanks in part to Finland's bilateral trade with the Socialist countries. Despite the relative briskness of domestic demand, the ratio of foreign debt to gross domestic product remained virtually unchanged.

An economic upswing is now under way in western markets. A satisfactory competitive position in this phase of the cycle, if sustained, should enable Finland to take full advantage of the upswing. Hence, with western exports supporting total demand, the prospects for growth in Finland in 1984 appear satisfactory.

However, Finland's growth last year was achieved at the expense of a distinctly higher rate of inflation than in competitor countries. In retrospect, the measures accompanying the devaluation in the autumn of 1982 were inadequate. Demand for credit continued strong, leading to an acceleration of credit expansion that was clearly inflationary.

Finland now faces the necessity of adjusting to the low level of international inflation. Given the stimulus of western exports, scope exists for bringing down inflation without unduly harmful effects on output and employment.

Since, moreover, no significant inflationary impulses are expected via foreign trade prices, the forthcoming incomes negotiations are of crucial importance. Moderate pay and cost developments from now on would pave the way for an accelerated reduction of inflation.

A notably tighter fiscal policy for 1984 than that actually adopted would have contributed towards retarding price increases and strengthening central government finances in a favourable cyclical phase. There is now a danger that the restoration of balance to the state finances will have to take place at a time unfavourable for economic growth and employment.

Monetary policy will have to bear much of the responsibility for combatting inflation. Moderate income agreements, however, could significantly relieve the pressures on monetary policy as well as promote employment and real income growth. Since credit expansion will have to be reduced in order to curb inflation, the financing of excessive income agreements will not be possible without weakening the real growth of the economy.

The longer-term adjustment of the economy calls for structural changes that are hindered rather than helped by persistent inflation. It is essential that interest rates reflect demand and supply in the financial market more accurately in the future than hitherto. This would result in higher real interest rates and consequently a higher required rate of return on investment than at present. However, after a long period of regulation, a rapid shift to free interest rates could not be achieved without considerable adjustment problems. Under conditions of low interest rates, financial structures have become

distorted to the extent that a gradual transition is necessary. The Bank of Finland will therefore continue to strive for a gradual process of change in the financial market.

The base rate applied by the Bank of Finland and the administered rates of interest linked to it are too low given the current rate of inflation. Reducing inflation offers the least painful way of raising the real interest rate. The smaller the price pressures resulting from domestic incomes policy agreements, the less

will be the need to raise nominal interest rates. The growing importance of unregulated rate transactions in the financial market has already enhanced the role of price allocation in the financial market. Nevertheless, considerable tensions have arisen between administered and unregulated interest rates, and these easily lead to various kinds of distortions. A reduction of inflation would also contribute importantly towards relieving these pressures.

January 3, 1984

	1982		1983			
	Dec. 31	Dec. 8	Dec. 15	Dec. 23	Dec. 31	
Assets						
Gold and foreign currency claims	10 552	7 831	8 057	9 143	8 779	
Gold	1 382	1 383	1 383	1 383	1 383	
Special drawing rights	609	532	534	226	226	
IMF reserve tranche	453	472	473	752	751	
Foreign bonds	765	381	405	699	685	
Convertible currencies	5 813	4 709	4 876	5 662	5 184	
Tied currencies	1 530	354	386	421	550	
Other foreign claims	3 963	3 975	3 975	4 776	4 876	
Mark subscription to Finland's IMF quota	1 843	1 854	1 854	2 656	2 762	
Term credits	2 120	2 121	2 121	2 120	2 114	
Claims on financial institutions	5 409	9 234	10 257	9 055	8 788	
Banks' cheque accounts	169	426	469	342	445	
Call money market advances	3 126	6 153	7 118	6 085	5 785	
Till-money credits	889	1 097	1 097	1 024	942	
Bonds	1 179	1 510	1 529	1 550	1 546	
Other claims on financial institutions	46	48	44	54	70	
Claims on the public sector	1 040	1 883	1 914	1 891	2 178	
Government promissory notes	—	720	720	720	1 000	
Bonds	435	447	473	449	449	
Total coinage	559	710	710	710	710	
Other claims on the public sector	46	6	11	12	19	
Claims on corporations	4 990	5 114	5 144	5 105	5 079	
Financing of exports	1 788	1 889	1 925	1 899	1 867	
Financing of domestic deliveries	2 514	2 675	2 670	2 655	2 662	
Bonds	163	132	132	134	134	
Other claims on corporations	525	418	417	417	416	
Other assets	99	104	104	105	105	
	Total	26 053	28 141	29 451	30 075	29 805
Liabilities						
Foreign currency liabilities	22	63	72	48	34	
Convertible accounts	17	62	72	48	34	
Tied accounts	5	1	0	0	0	
Other foreign liabilities	5 410	4 766	4 787	5 588	5 670	
IMF mark accounts	1 927	1 854	1 854	2 656	2 762	
Allocations of special drawing rights	833	869	872	873	872	
Term liabilities	2 650	2 043	2 061	2 059	2 036	
Notes and coin in circulation	6 062	6 976	7 126	6 950	6 574	
Notes	5 572	6 436	6 583	6 403	6 029	
Coin	490	540	543	547	545	
Certificates of deposit in circulation	1 700	—	—	—	—	
Liabilities to financial institutions	4 791	5 648	6 780	6 420	5 712	
Banks' cheque accounts	6	1	6	0	2	
Call money market deposits	1 470	532	1 626	1 319	610	
Cash reserve deposits	3 132	5 053	5 035	5 034	5 039	
Capital import deposits	177	20	42	42	35	
Other liabilities to financial institutions	6	42	71	25	26	
Liabilities to the public sector	50	1 751	1 751	2 251	3 000	
Cheque accounts	1	1	1	1	0	
Government deposit account	—	1 750	1 750	2 250	3 000	
Capital import deposits	49	—	—	—	—	
Liabilities to corporations	1 687	1 958	1 953	1 946	1 832	
Deposits for investment and ship purchase	1 416	1 341	1 334	1 326	1 290	
Capital import deposits	265	605	607	608	531	
Other liabilities to corporations	6	12	12	12	11	
Other liabilities	23	17	14	14	15	
Equalization accounts	1 609	2 141	2 125	1 993	2 057	
Capital accounts	4 699	4 821	4 843	4 865	4 911	
Primary capital	3 000	3 000	3 000	3 000	3 000	
Reserve fund	1 032	1 365	1 365	1 365	1 365	
Net earnings	667	456	478	500	546	
	Total	26 053	28 141	29 451	30 075	29 805

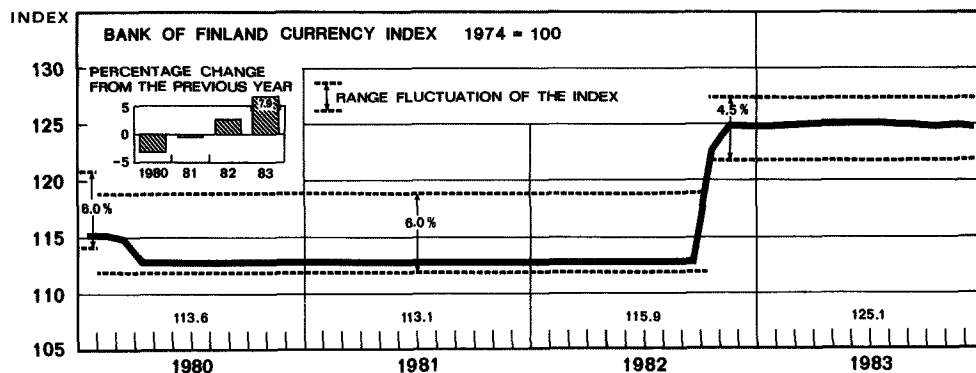
End of year or month	Foreign sector						Public sector				
	Gold, SDRs, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other claims	Net claims (4+5+6)	Claims	Certificates of deposit and deposit account	Other liabilities	Net liabilities (9-8+10)
	1	2	3	4	5	6	7	8	9	10	11
1980	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	1 900	591	1 266
1981	2 408	1 405	3 645	7 458	1 909	-991	8 376	1 236	1 600	578	942
1982	2 444	765	5 796	9 005	1 525	-1 447	9 083	1 040	1 700	50	710
1983	2 360	685	5 150	8 195	550	-794	7 951	2 178	-	3 000	822
1982											
Nov.	2 310	752	4 946	8 008	2 697	-3 295	7 410	978	2 800	50	1 872
Dec.	2 444	765	5 796	9 005	1 525	-1 447	9 083	1 040	1 700	50	710
1983											
Jan.	2 450	523	5 142	8 115	2 488	121	10 724	1 113	1 580	0	467
Feb.	2 405	600	4 109	7 114	2 922	180	10 216	1 209	1 650	0	441
March	2 408	278	4 560	7 246	2 919	-664	9 501	1 555	1 800	1	246
April	2 407	232	4 068	6 707	3 380	-654	9 433	1 477	1 650	1	174
May	2 368	379	3 842	6 589	3 575	-618	9 546	1 401	950	1	-450
June	2 362	181	4 166	6 709	3 927	-636	10 000	1 663	750	1	-912
July	2 368	214	4 206	6 788	4 330	-668	10 450	1 662	1 400	1	-261
Aug.	2 376	232	4 090	6 698	3 193	-722	9 169	1 697	800	1	-896
Sept.	2 374	268	3 000	5 642	2 762	-701	7 703	1 905	800	1	-1 104
Oct.	2 377	302	3 913	6 592	1 546	-726	7 412	1 839	950	0	-889
Nov.	2 393	425	4 341	7 159	681	-772	7 068	1 880	-	2 501	621
Dec.	2 360	685	5 150	8 195	550	-794	7 951	2 178	-	3 000	822

FOREIGN EXCHANGE POSITION

Mill. mk

	Net holdings, Dec. 31, 1982			Net holdings Oct. 31, 1983			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Oct.	Jan.-Oct.
Gold	1 382	-	1 382	1 383	-	1 383	-	+1
Special drawing rights	609	-	609	529	-	529	+2	-80
IMF reserve tranche	453	-	453	465	-	465	+1	+12
Foreign bonds	764	-	764	302	-	302	+34	-462
Convertible currencies	5 796	-11 049	-5 253	3 913	-12 366	-8 453	-476	-3 200
Total	9 004	-11 049	-2 045	6 592	-12 366	-5 774	-439	-3 729
Tied currencies	1 526	-215	1 311	1 546	-185	+1 361	-1 197	+50
Grand total	10 530	-11 264	-734	8 138	-12 551	-4 413	-1 636	-3 679

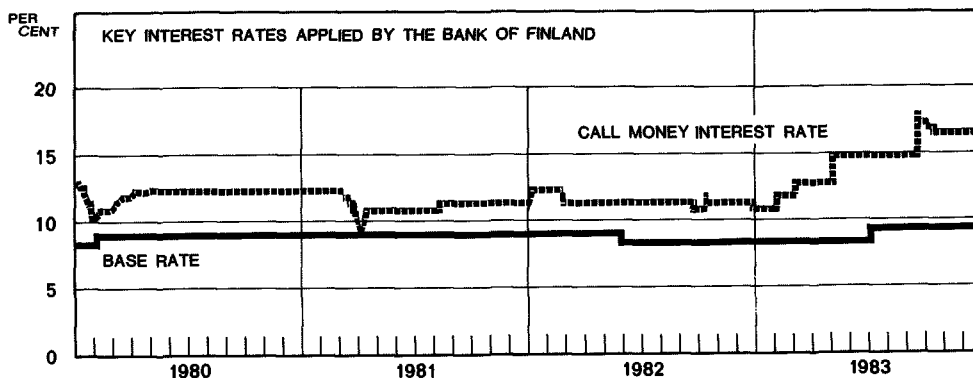
End of year or month	Domestic financial sector							Corporate sector			Notes and coin in circulation
	Till-money credits	Claims on cheque accounts, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net claims (1+2+3-4-5-6)	Permanent special financing schemes	Liabilities, net	Net claims (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1980	643	480	3 674	290	3 317	-421	1 611	3 063	642	2 421	4 954
1981	768	495	1 796	1 080	2 492	-406	-107	3 865	749	3 116	5 595
1982	889	163	3 126	1 470	3 132	-1 042	618	4 302	999	3 303	6 062
1983	942	443	5 785	610	5 039	-1 555	3 076	4 529	1 282	3 247	6 574
1982											
Nov.	857	311	3 902	-	3 128	-833	2 775	4 404	973	3 431	5 663
Dec.	889	163	3 126	1 470	3 132	-1 042	618	4 302	999	3 303	6 062
1983											
Jan.	899	347	708	1 308	3 254	-1 176	-1 432	4 331	994	3 337	5 711
Feb.	913	198	1 151	1 140	3 294	-1 193	-979	4 360	871	3 489	5 803
March	802	262	2 106	710	3 727	-1 233	-34	4 418	1 135	3 283	5 966
April	801	355	2 510	740	4 128	-1 221	19	4 474	1 108	3 366	5 984
May	953	356	2 919	1 071	4 772	-1 068	-547	4 452	1 086	3 366	6 042
June	998	451	2 853	1 432	4 889	-1 153	-866	4 374	1 249	3 125	6 353
July	879	317	2 984	1 383	4 948	-1 282	-869	4 369	1 337	3 032	6 301
Aug.	956	297	3 227	1 205	4 948	-1 427	-246	4 314	1 383	2 931	6 085
Sept.	852	274	5 812	2 294	4 994	-1 482	1 132	4 334	1 389	2 945	6 209
Oct.	1 032	298	5 876	2 226	5 015	-1 461	1 426	4 535	1 382	3 153	6 159
Nov.	953	322	6 565	997	5 053	-1 507	3 297	4 610	1 361	3 249	6 179
Dec.	942	443	5 785	610	5 039	-1 555	3 076	4 529	1 282	3 247	6 574



MONETARY POLICY INDICATORS

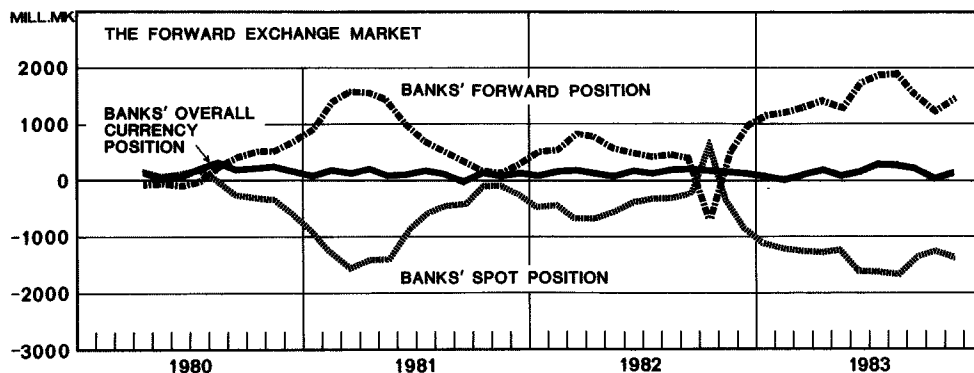
Average for period	Gross central bank debt of the deposit banks mill. mk	Net central bank debt of the deposit banks mill. mk	Cash reserve deposits of the deposit banks mill. mk	Cash reserve requirement %	Call money credit extended by the Bank of Finland	Call money interest rate %	Average cost of gross central bank debt %	Base rate %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9
1979	2 769	372	447	1.0	321	9.74	9.11	7.46	8.03
1980	4 971	1 560	2 542	3.8	3 313	12.38	12.37	9.20	9.77
1981	4 095	-33	2 795	3.5	2 161	11.48	11.61	9.25	9.84
1982	3 201	-783	2 777	3.1	1 571	11.64	11.98	8.81	9.33
1983	4 539	-1 213	4 345	4.3	2 724	15.37	..	9.00	..
1982									
Nov.	4 384	998	3 100	3.3	3 690	11.50	13.19	8.50	8.95
Dec.	4 307	655	3 119	3.3	3 367	11.50	13.27	8.50	8.95
1983									
Jan.	2 996	-1 716	3 135	3.3	1 011	11.00	12.09	8.50	8.99
Feb.	1 879	-2 360	3 240	3.3	475	12.00	11.71	8.50	8.97
March	2 741	-1 492	3 308	3.7	1 408	13.00	13.60	8.50	8.95
April	3 271	-1 678	3 753	4.1	1 666	13.00	13.69	8.50	8.97
May	4 019	-1 473	4 149	4.7	2 271	15.00	14.54	8.50	9.00
June	3 873	-2 053	4 770	4.7	2 308	15.00	14.32	8.50	9.07
July	4 477	-1 856	4 889	4.7	2 627	15.00	14.67	9.50	10.09
Aug.	4 634	-1 972	4 920	4.7	2 541	15.00	14.68	9.50	10.10
Sept.	5 523	- 912	4 945	4.7	3 627	16.67	16.13	9.50	10.16
Oct.	6 972	74	4 984	4.7	4 651	16.95	16.74	9.50	10.14
Nov.	7 075	238	5 008	4.7	4 837	16.70	16.27	9.50	..
Dec.	7 007	646	5 039	4.7	5 269	16.70	..	9.50	..

¹ 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
1982									
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 ^r									
Jan.	11 278.4	2 201.3	9 077.1	-732.6	-6 643.3	1 544.4	3.8	3.9	3.7
Feb.	10 442.1	2 156.4	8 285.8	-947.4	-6 006.7	1 232.6	3.7	3.8	3.4
March	10 556.9	2 088.0	8 468.9	-713.5	-5 915.7	1 761.7	5.4	5.4	5.0
April	10 064.2	2 007.9	8 056.3	-718.9	-5 591.5	1 573.1	4.3	4.4	4.3
May	9 943.9	1 993.5	7 950.4	-677.3	-5 378.1	1 782.3	4.9	4.8	4.7
June	9 466.8	1 811.0	7 655.8	-1 048.1	-4 590.2	1 744.6	4.3	4.1	3.5
July	9 149.7	1 808.8	7 341.0	-1 156.7	-3 938.6	1 813.6	3.7	3.6	2.9
Aug.	8 487.6	1 913.7	6 573.9	-996.4	-3 511.9	1 500.6	3.6	3.3	2.8
Sept.	7 697.4	2 072.6	5 624.8	-1 231.8	-3 084.1	941.0	6.5	6.1	5.7
Oct.	7 964.3	2 064.2	5 900.1	-1 291.5	-2 540.6	1 715.5	5.5	5.2	4.8
Nov.	7 398.6	2 001.9	5 396.6	-1 201.3	-2 186.5	1 670.0	5.4	5.3	4.8



FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange, mk

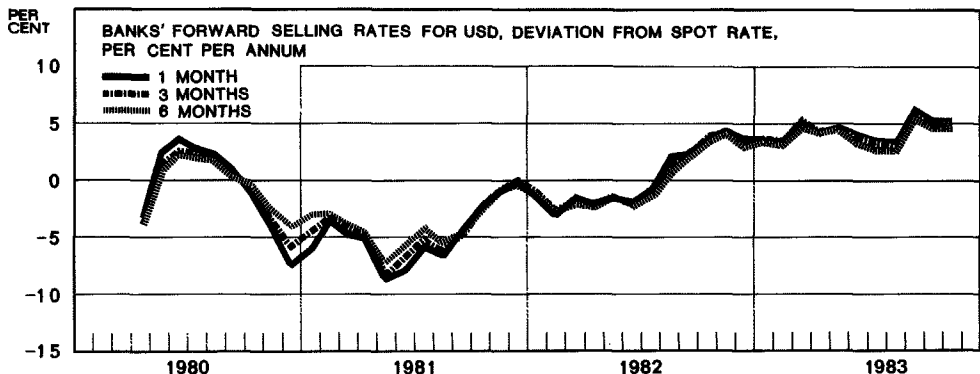
Period	New York 1 US \$ USD	Montreal 1 C \$ CAD	London 1 £ GBP	Dublin 1 Ir£ IEP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Amsterdam 100 Hfl NLG	Brussels 100 FB BEC	BEL
	1	2	3	4	5	6	7	8	9	10	11
1979	3.896	3.330	8.275		91.12	77.22	74.38	212.75	194.43	13.338	12.979
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
1983	5.570	4.524	8.456	6.957	72.75	76.44	61.07	218.61	195.66	10.934	10.742

1982

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

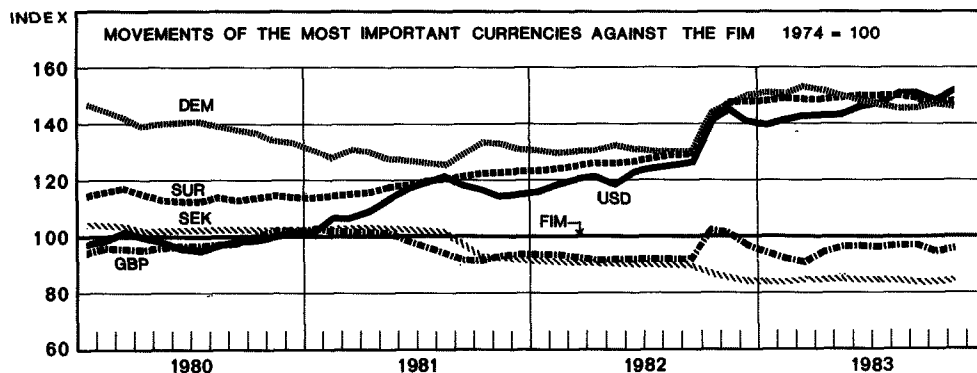
1983

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
May	5.445	4.433	8.579	6.985	72.74	76.65	61.92	220.91	196.45	11.070	11.041
June	5.546	4.503	8.608	6.878	72.72	76.46	60.84	217.76	194.30	10.902	10.866
July	5.592	4.544	8.558	6.840	72.80	76.47	60.25	216.44	193.48	10.816	10.762
Aug.	5.714	4.637	8.590	6.753	72.82	76.70	59.45	213.97	191.29	10.678	10.631
Sept.	5.713	4.642	8.575	6.727	72.65	77.04	59.64	214.38	191.70	10.632	10.513
Oct.	5.646	4.589	8.465	6.742	72.68	77.24	60.06	217.30	193.69	10.670	10.509
Nov.	5.754	4.661	8.511	6.686	72.83	77.19	59.56	214.73	191.61	10.574	10.474
Dec.	5.860	4.706	8.414	6.639	72.84	76.01	58.99	213.55	190.33	10.500	10.357



Average selling rates for foreign exchange, mk

Zurich 100 Sfr CHF	Paris 100 FF FRF	Rome 100 Lit ITL	Vienna 100 ÖS ATS	Lisbon 100 Esc PTE	Reykjavik 100 lkr ISK	Madrid 100 Ptas ESP	Tokyo 100 Y JPY	Moscow 1 Cl Rbl SUR	1 special drawing right SDR	Currency index 1974 = 100
12	13	14	15	16	17	18	19	20	21	22
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
265.70	73.53	0.369	31.11	5.14	23.25	3.91	2.351	7.491	5.943 25	125.1
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	5.839 47 ^r	125.0
267.72	78.50	0.387	31.66	5.90	28.34	4.17	2.287	7.506	5.865 51 ^r	125.1
263.75	77.75	0.383	32.13	5.82	26.65	4.09	2.287	7.498	5.884 85 ^r	125.2
264.97	74.60	0.376	31.78	5.59	25.76	4.02	2.294	7.489	5.876 34 ^r	125.2
264.63	73.58	0.373	31.41	5.56	24.71	3.97	2.321	7.496	5.885 82 ^r	125.2
262.74	72.53	0.368	30.93	5.29	20.55	3.89	2.313	7.529	5.915 65 ^r	125.2
264.53	72.13	0.367	30.80	4.76	20.49	3.80	2.331	7.550	5.934 78 ^r	125.3
264.52	71.24	0.361	30.47	4.69	20.67	3.79	2.342	7.559	5.991 35 ^r	125.2
264.40	71.10	0.358	30.53	4.64	20.63	3.77	2.359	7.507	5.995 33 ^r	125.2
267.91	71.25	0.359	30.93	4.59	20.49	3.75	2.430	7.439	5.989 58	125.0
265.52	70.72	0.355	30.53	4.55	20.72	3.74	2.452	7.438	6.043 58	125.1
267.20	70.15	0.353	30.33	4.49	20.76	3.73	2.506	7.439	6.101 77	125.0



DEPOSITS BY THE PUBLIC

Mill. mk

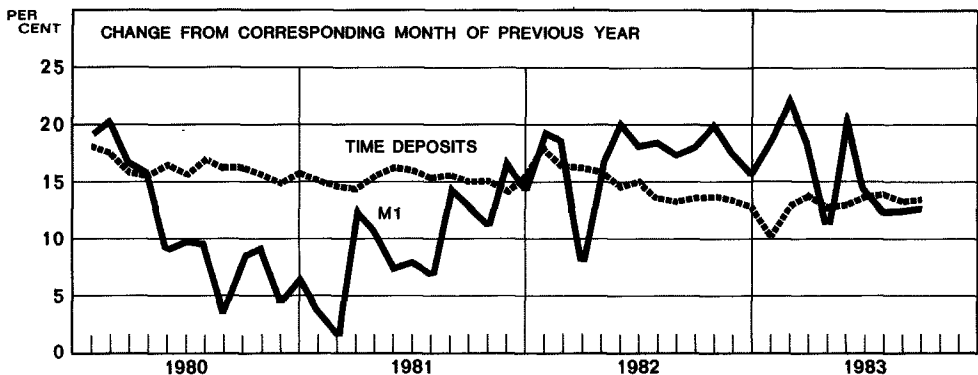
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks	
	1	2	3	4	5	6	7	8	9	10
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	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
1982*	7 155	3 874	3 049	14 078	29 260	25 833	21 040	8 665	84 798	98 876

1982*

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
Dec.	7 155	3 874	3 049	14 078	29 260	25 833	21 040	8 665	84 798	98 876

1983*

Jan.	7 118	3 749	3 919	14 786	29 243	26 185	21 402	8 707	85 537	100 323
Feb.	6 394	3 700	3 914	14 008	29 953	26 624	21 920	8 781	87 278	101 286
March	6 333	3 696	3 384	13 413	30 144	26 684	22 029	8 865	87 722	101 135
April	5 918	3 788	3 917	13 623	30 469	26 945	22 163	8 840	88 417	102 040
May	7 315	4 088	4 037	15 440	30 895	27 180	22 264	8 985	89 324	104 764
June	7 126	3 998	4 150	15 274	31 388	27 685	22 650	9 071	90 794	106 068
July	6 194	4 084	4 346	14 624	31 400	27 999	22 899	9 304	91 602	106 226
Aug.	6 974	4 128	4 331	15 433	31 181	28 135	23 013	9 293	91 622	107 055
Sept.	6 959	4 185	4 324	15 468	31 167	28 230	23 194	9 387	91 978	107 446
Oct.	7 264	4 270	4 529	16 063	31 288	28 298	23 285	9 365	92 236	108 299



ADVANCES TO THE PUBLIC – MONEY SUPPLY

Mill. mk

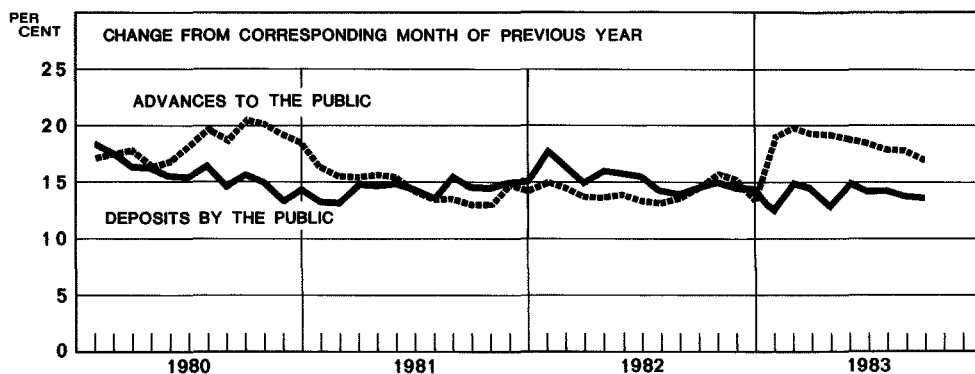
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ + Quasi-Money
1979	29 844	16 535	14 258	8 299	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
1982*	48 282	25 682	23 601	12 683	93 011	3 467	13 770	110 248	19 917	107 549

1982*

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
Dec.	48 282	25 682	23 601	12 683	93 011	3 467	13 770	110 248	19 917	107 549

1983*

Jan.	49 470	25 964	23 797	13 038	93 890	4 250	14 129	112 269	20 333	108 488
Feb.	50 391	26 216	23 998	13 093	94 894	4 495	14 309	113 698	19 861	109 709
March	50 364	26 474	24 262	12 766	95 658	4 569	13 639	113 866	19 401	110 101
April	51 368	26 685	24 415	12 842	96 653	4 744	13 913	115 310	19 374	110 890
May	52 093	27 075	24 733	12 909	97 926	4 451	14 433	116 810	21 325	113 729
June	52 244	27 460	25 095	13 072	98 918	4 699	14 254	117 871	21 362	115 242
July	52 034	27 711	25 371	13 193	99 492	4 666	14 151	118 309	20 634	115 283
Aug.	52 299	28 101	25 787	13 348	100 310	4 761	14 464	119 535	21 011	115 625
Sept.	53 190	28 594	26 228	13 456	102 157	4 898	14 413	121 468	21 403	116 469
Oct.	54 005	28 821	26 529	13 543	103 055	4 793	15 050	122 898	21 772	116 992



STATE FINANCES

Mill. mk

Revenue	Jan.-Oct.		Expenditure	Jan.-Oct.	
	1982	1983		1982	1983
Income and wealth tax (net)	12 695	15 322	Wages, salaries, pensions etc.	8 710	9 919
Gross receipts	35 057	40 976	Repair and maintenance	1 069	1 269
Refunds & local authorities	-22 362	-25 654	Other consumption expenditure	5 196	6 101
Other taxes on income and wealth	323	390	Total consumption expenditure	14 975	17 289
Employers' child allowance payments	1	1	State aid to local authorities	11 080	12 752
Sales tax	12 545	14 299	State aid to industries	7 820	6 614
Customs duties and import charges and levies	1 349	1 318	of which: agric. price subsidies	3 352	3 278
Excise duties	9 234	8 360	Child allowances	1 318	897
Excise duty on alcoholic bevs.	2 750	3 079	Share in national pensions and sickness insurance schemes	695	2 065
Excise duty on tobacco	1 156	1 263	Deficit of State enterprises	983	1 059
Excise duty on liquid fuel	2 734	2 875	Other transfer expenditure	6 726	8 617
Other excise duties	2 594	1 143	Total transfer expenditure	28 622	32 004
Tax on autom. and motor-cycles	1 504	1 908	Machinery and equipment	1 370	1 407
Stamp duties	1 129	1 392	Construction of buildings	695	899
Special diesel etc. vehicles tax	194	234	Land and waterway construction	1 827	1 967
Other taxes and similar revenue	1 213	1 397	Total real investment	3 892	4 273
Total taxes	40 187	44 621	Interest on State debt	1 873	2 738
Miscellaneous revenue	3 112	3 735	Other expenditure	24	9
Interest, dividends etc.	1 237	1 446	Total other expenditure	1 897	2 747
Surplus of state enterprises	1 050	1 399	Increase in inventories	-239	674
Redemptions of loans granted	759	1 370	Lending	3 232	3 615
Total revenue	46 345	52 571	Other financial investment	471	548
Foreign borrowing	3 304	3 774	Total expenditure	52 850	61 150
Domestic borrowing	3 608	5 423	Redemption of foreign loans	618	1 816
Total borrowing	6 912	9 197	Redemption of domestic loans	1 795	1 521
Deficit (+) or surplus (-)	2 006	2 720	Total redemptions	2 413	3 337
Total	55 263	64 487	Total	55 263	64 487

State debt	1981	1982	1983			
	Dec.	Dec.	Aug.	Sept.	Oct.	Nov.
Foreign debt	13 331	18 807	20 553	21 024	21 515	21 626
Long-term debt	8 762	11 378	14 774	15 202	15 467	15 744
Short-term credit	9	63	153	155	167	81
Domestic debt	8 771	11 441	14 927	15 357	15 634	15 825
Total State debt	22 102	30 248	35 480	36 381	37 149	37 451
Total debt mill. \$	5 052	5 651	6 209	6 368	6 580	6 509

FOREIGN TRADE

Mill. mk

Value, mill. mk

Period	Value, mill. mk		
	Exports f.o.b	Imports c.i.f.	Surplus of exports (+) or imports (-)
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

1982

Oct.	5 625	5 858	-233
Nov.	6 338	6 174	+164
Dec.	6 025	7 351	-1 326

1983*

Jan.	5 025	5 551	-526
Feb.	5 604	5 073	+531
March	6 257	5 730	+527
April	5 736	5 705	+31
May	6 165	6 245	-80
June	5 293	5 340	-47
July	5 691	5 800	-109
Aug.	5 141	5 513	-372
Sept.	5 481	6 531	-1 050
Oct.	6 095	6 556	-461

Jan.-Oct.

1982	50 663	51 226	-563
1983*	56 488	58 044	-1 556

Indices of exports and imports
1980 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1978	84	75	80	
1979	92	89	90	86	105
1980	100	100	100	100	100
1981	103	94	111	112	99
1982	101	95	118	117	101

1981

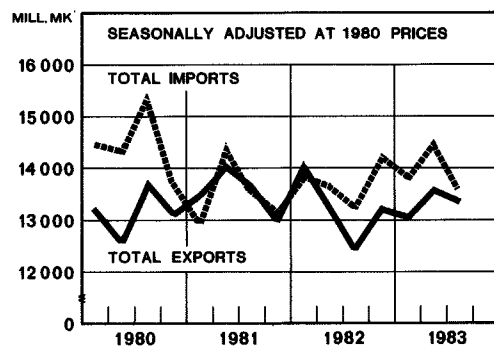
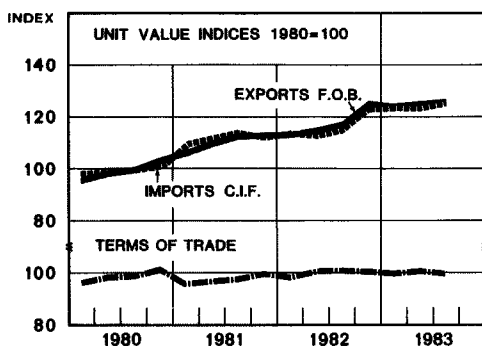
July-Sept.	95	94	113	115	99
Oct.-Dec.	108	100	114	113	100

1982

Jan.-March	107	88	114	115	99
Apr.-June	102	92	116	114	101
July-Sept.	86	90	118	116	101
Oct.-Dec.	108	107	126	125	101

1983*

Jan.-March	102	90	125	125	100
Apr.-June	104	96	126	124	101
July-Sept.	98	97	127	126	100



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agri-cultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and intermediate 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

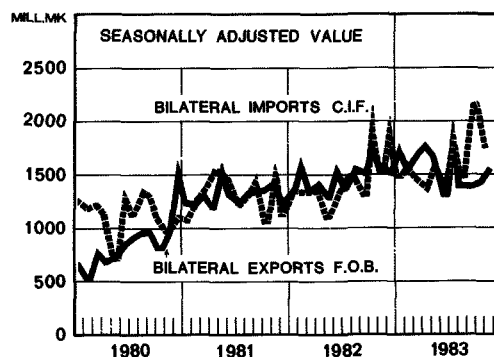
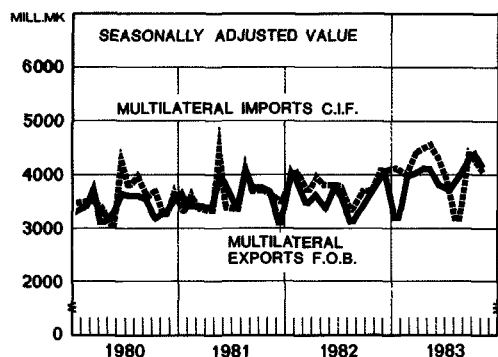
Oct.	62	566	1 586	1 724	1 687	3 607	559	764	845	83
Nov.	56	596	1 355	2 674	1 657	3 602	657	975	895	45
Dec.	266	631	1 522	2 165	1 441	4 744	590	984	882	151

1983*

Jan.	59	466	1 313	1 719	1 468	3 411	348	825	921	46
Feb.	337	563	1 421	1 535	1 748	3 216	248	665	901	43
March	317	579	1 668	1 927	1 766	3 526	227	1 016	947	14
April	78	595	1 547	1 546	1 970	3 369	270	1 010	1 046	10
May	258	655	1 469	1 953	1 830	3 976	323	976	959	11
June	67	575	1 494	1 609	1 548	3 277	440	842	728	53
July	68	562	1 571	1 836	1 654	3 459	561	1 021	703	56
Aug.	58	492	1 682	1 123	1 786	3 512	440	685	833	43
Sept.	41	534	1 749	1 499	1 658	4 120	701	852	848	10
Oct.	124	623	1 765	1 574	2 009	4 246	578	816	892	24

Jan.-Oct.

1982	1 354	5 051	14 625	14 069	15 564	32 798	3 622	7 236	7 353	217
1983*	1 407	5 644	15 679	16 321	17 437	36 112	4 136	8 708	8 778	310



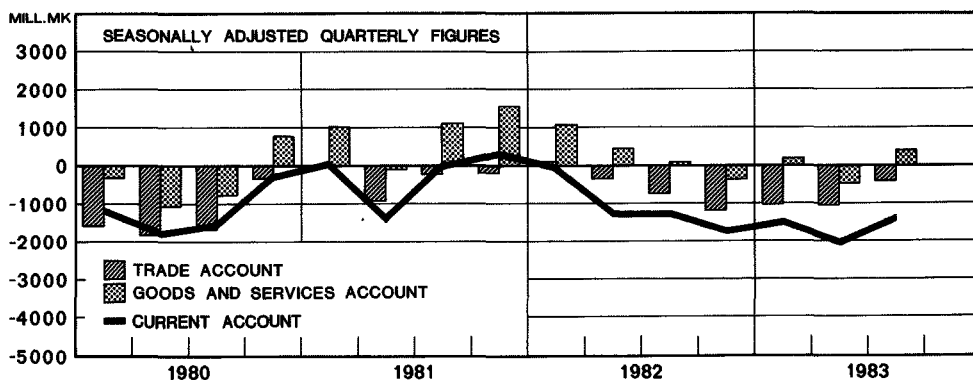
FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January–October				January–October			
	1982*		1983*		1982*		1983*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	55.3	28 018	55.4	31 296	52.6	26 977	52.0	30 155
Austria	0.7	346	0.7	423	1.3	664	1.2	712
Belgium and Luxembourg	1.4	694	1.6	896	1.8	903	1.8	1 043
Denmark	3.8	1 943	3.6	2 005	2.4	1 215	2.5	1 436
France	4.2	2 109	4.3	2 406	3.2	1 626	3.3	1 928
Federal Republic of Germany	9.4	4 745	9.7	5 502	13.3	6 817	13.3	7 734
Italy	1.9	949	1.9	1 058	2.6	1 341	3.1	1 798
Netherlands	3.2	1 624	4.1	2 330	2.7	1 393	2.7	1 541
Norway	4.2	2 119	3.5	1 965	2.1	1 098	2.4	1 375
Portugal	0.2	115	0.2	123	0.6	312	0.6	369
Spain	0.8	404	0.7	415	0.6	318	0.7	422
Sweden	12.2	6 193	11.9	6 731	12.4	6 355	11.2	6 512
Switzerland	1.3	678	1.4	790	1.7	864	1.7	971
United Kingdom	10.4	5 291	10.5	5 913	7.3	3 757	6.8	3 944
Other	1.6	808	1.3	739	0.6	314	0.7	370
OECD countries outside Europe	5.9	3 014	6.6	3 708	11.8	6 019	12.5	7 284
Canada	0.7	376	0.6	351	0.9	478	0.8	442
Japan	1.1	564	1.2	670	4.2	2 130	5.6	3 273
United States	3.1	1 566	3.8	2 154	6.3	3 227	5.7	3 317
Other	1.0	508	1.0	533	0.4	184	0.4	252
CMEA countries	28.9	14 640	28.0	15 797	27.7	14 167	28.6	16 569
Czechoslovakia	0.4	197	0.4	237	0.6	288	0.5	265
German Democratic Republic	0.5	262	0.5	296	0.6	317	0.6	350
Poland	0.1	67	0.2	83	1.6	812	1.2	716
Soviet Union	26.8	13 546	26.4	14 905	24.0	12 285	25.7	14 897
Other	1.1	568	0.5	276	0.9	465	0.6	341
Latin America	1.1	565	1.8	1 017	2.3	1 158	2.4	1 405
Argentina	0.1	74	0.1	70	0.2	77	0.1	76
Brazil	0.3	142	0.3	168	0.7	368	0.7	397
Colombia	0.1	70	0.2	82	0.5	264	0.5	271
Other	0.6	279	1.2	697	0.9	449	1.1	661
Other	8.8	4 426	8.2	4 670	5.6	2 905	4.5	2 631
GRAND TOTAL	100.0	50 663	100.0	56 488	100.0	51 226	100.0	58 044
of which								
EFTA countries	18.8	9 528	17.9	10 104	18.3	9 358	17.2	9 979
EEC countries	35.5	17 982	36.6	20 691	33.8	17 308	34.1	19 769
OECD countries	61.2	31 032	62.0	35 004	64.4	32 996	64.5	37 439

BALANCE OF PAYMENTS

Period	Exports f.o.b.	Imports c.i.f.	Trade account	Transport, net	Travel, net	Other services, net	Goods and services account	Invest- ment income, net	Un- required 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	61 697	-1 437	+3 261	+405	+1 286	+3 515	-4 359	-499	+132	-1 211
1982*	62 943	65 168	-2 225	+2 934	-286	+811	+1 234	-5 446	-626	+140	-4 698
1980											
July-Sept.	12 864	15 643	-2 779	+855	+298	+100	-1 526	-765	-102	+34	-2 359
Oct.-Dec.	14 738	15 035	-297	+764	+45	+66	+578	-1 033	-83	+7	-531
1981*											
Jan.-March	14 469	13 623	+846	+857	-87	+150	+1 766	-984	-130	+9	+661
Apr.-June	15 489	15 810	-321	+801	+78	-100	+458	-1 252	-127	+48	-873
July-Sept.	14 100	15 737	-1 637	+856	+443	+466	+128	-1 023	-109	+53	-951
Oct.-Dec.	16 202	16 527	-325	+747	-29	+770	+1 163	-1 100	-133	+22	-48
1982*											
Jan.-March	16 082	14 858	+1 224	+703	-156	+350	+2 121	-1 083	-182	-11	+845
Apr.-June	15 587	15 390	+197	+719	-85	+181	+1 012	-1 688	-163	+44	-795
July-Sept.	13 311	15 420	-2 109	+773	+149	+327	-860	-1 357	-135	+61	-2 291
Oct.-Dec.	17 963	19 500	-1 537	+739	-194	-47	-1 039	-1 318	-146	+46	-2 457
1983*											
Jan.-March	16 860	16 463	+397	+761	-290	+629	+1 497	-1 553	-217	-27	-300
Apr.-June	17 158	17 535	-377	+801	-227	+55	+252	-1 482	-148	+19	-1 359
July-Sept.	16 267	17 930	-1 663	+859	+17	+353	-434	-1 570	-140	+26	-2 118



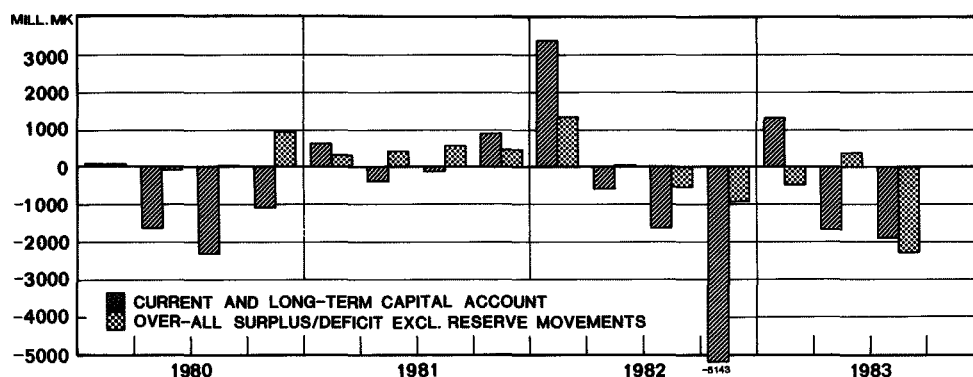
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Prepayments and liabilities related to imports	Prepayments and receivables related to exports	Short-term capital of authorized banks, net ²	Miscellaneous, short-term capital terms, incl. errors and omissions ²	Over-all surplus deficit excl. reserve movements ²	Bank of Finland foreign exchange reserves
+6 230	-4 843	-541	-337	+509	-252	+831	-834	+1 211	-834 ³	+122	-122
+5 183	-4 140	-433	-428	+182	-4 973	+3 255	-967	+3 930	-250 ³	+995	-995
+8 312	-4 643	-518	-826	+2 325	+1 114	-1 067	+437	-406	+1 725 ³	+1 803	-1 803
+10 213	-4 721	-1 239	-3 634	+619	-4 079	-2 003	+1 235	+1 798	+2 923	-126	+126
+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	+648	-473	+789	-163	-492 ³	+309	-309
+1 948	-1 213	+11	-233	+513	-360	+867	+790	-21	-846	+430	-430
+1 932	-797	-91	-200	+844	-107	+95	-571	-822	+1 993	+588	-588
+3 028	-1 678	-211	-158	+981	+933	-1 556	-571	+600	+1 070	+476	-476
+3 637	-806	-114	-165	+2 552	+3 397	-898	+569	-1 509	-247	+1 312	-1 312
+2 332	-1 555	-328	-298	+151	-644	+134	+571	+108	-124	+45	-45
+1 859	-883	-127	-247	+602	-1 689	-586	+48	-516	+2 199	-544	+544
+2 385	-1 477	-670	-2 924	-2 686	-5 143	-653	+47	+3 715	+1 095	-939	+939
+2 985	-1 271	+100	-182	+1 632	+1 332	-535	-188	-1 214	+123	-482	+482
+2 435	-2 895	+273	-200	-387	-1 746	+815	-188	+699	+817	+397	-397
+1 479	-1 269	+50	-55	+205	-1 913	+857	-753	-707	+203	-2 313	+2 313

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

¹ Including direct investment, net.

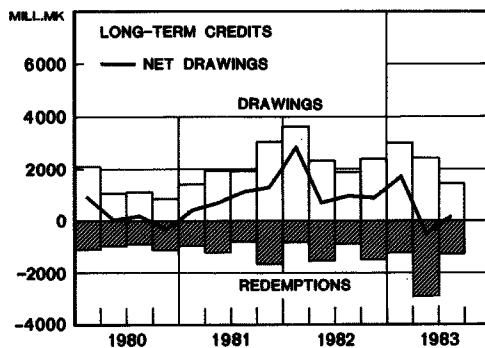
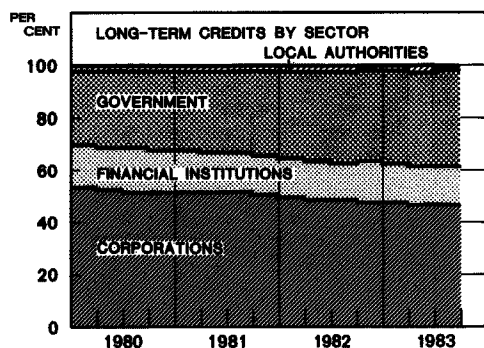
² Reserve movements of other foreign exchange holders have been transferred to the short-term capital account. The short-term capital of the authorized banks is shown separately.

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

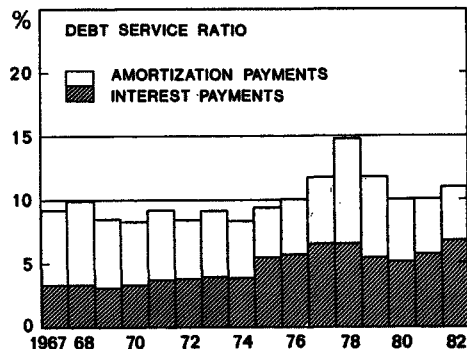
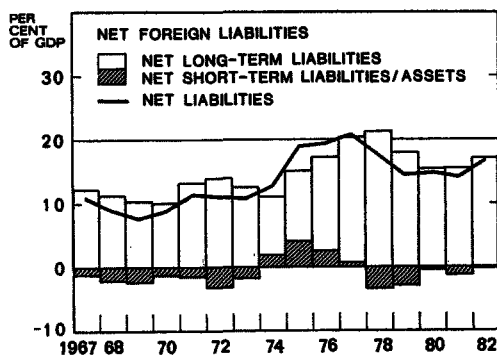


FINLAND'S FOREIGN ASSETS AND LIABILITIES

End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (9-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	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
1981										
March	4 254	2 945	1 229	8 428	30 523	4 455	2 138	442	37 558	29 130
June	4 473	3 161	1 278	8 912	32 814	4 467	2 180	406	39 867	30 955
Sept.	4 559	3 329	1 282	9 170	34 414	4 377	2 168	392	41 351	32 181
Dec.	4 673	3 426	1 317	9 416	35 536	4 444	2 183	391	42 554	33 138
1982*										
March	4 960	3 616	1 415	9 991	38 669	4 623	2 263	709	46 264	36 273
June	5 361	3 741	1 471	10 573	39 847	4 456	2 313	696	47 312	36 739
Sept.	5 556	4 084	1 466	11 106	41 198	4 515	2 345	687	48 745	37 639
Dec.	6 628	4 626	3 796	15 050	47 547	4 608	2 223	752	55 130	40 080
1983*										
March	6 672	5 003	3 892	15 567	49 897	4 759	2 288	846	57 790	42 223
June	6 458	4 998	3 956	15 412	49 921	4 462	2 306	812	57 501	42 089
Sept.	6 411	5 392	3 935	15 738	50 705	4 566	2 303	798	58 372	42 634



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
12 737	22 562	13 498	48 797	5 348	31 331	11 593	48 272	-525	39 555	9 068	3 464
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	13 581	39 990	3 074	18 592	12 390	34 056	-5 934	30 339	1 761	600
12 846	14 322	13 118	40 286	3 077	19 349	12 767	35 193	-5 093	31 646	2 736	1 017
12 456	17 151	13 142	42 749	4 097	21 737	12 490	38 324	-4 425	33 214	2 038	662
12 737	22 562	13 498	48 797	5 348	31 331	11 593	48 272	-525	39 555	2 533	1 185
12 365	22 166	14 247	48 778	4 637	29 530	11 687	45 854	-2 924	39 299	2 531	942
12 905	23 008	14 615	50 528	4 705	31 137	12 825	48 667	-1 861	40 228	3 778	2 243
10 556	23 618	15 411	49 585	4 737	31 302	13 725	49 764	179	42 813	2 630	1 049



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1980 = 100 ¹						Building costs 1980 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1981	1 044	112.8	112.9	112.5	114.0	112.0	110.6	110.1	109.6	110.0
1982	1 122	120.9	122.1	116.7	120.8	122.4	119.0	117.7	116.8	117.8

1983

Jan.	1 169	125.8	126.1	124.3	125.3	128.1	124.0	123.3	118.9	123.9
Feb.	1 170	125.5	126.5	122.2	124.4	128.8	124.3	123.8	118.9	124.6
March	1 166	125.4	126.8	121.2	123.7	129.3	125.4	124.5	118.9	125.6
April	1 169	126.1	127.6	121.2	124.0	130.4	126.1	125.9	122.0	126.5
May	1 172	126.7	128.2	122.2	125.0	130.4	127.1	127.1	125.1	127.0
June	1 185	126.9	128.3	122.7	125.1	130.0	128.2	129.7	125.8	130.4
July	1 193	127.7	128.8	124.1	125.6	130.7	129.7	130.1	125.8	130.7
Aug.	1 195	128.2	129.2	125.2	126.2	130.8	130.5	130.7	125.8	131.3
Sept.	1 204	129.1	130.1	126.1	127.5	131.3	130.7	131.2	125.8	132.0
Oct.	1 210	129.7	130.8	126.3	127.8	132.9	131.2	132.6	128.8	132.8
Nov.	1 215	130.2	131.3	127.0	128.2	133.3	132.0	132.8	128.8	133.0

¹ New series calculated by the Central Statistical Office.

Period	Consumer prices 1981 = 100 ¹									
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent, heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1982	109.6	112.3	112.9	105.3	111.7	105.9	110.2	106.8	106.0	109.6

1983

Jan.	113.9	114.1	120.9	106.9	113.8	109.6	117.4	114.6	111.5	116.1
Feb.	114.4	115.3	120.9	108.6	113.8	110.2	117.4	114.9	111.6	116.4
March	115.4	117.4	121.5	110.0	114.2	110.8	117.4	115.4	111.8	117.3
April	116.3	120.0	121.6	111.4	114.2	111.9	118.1	115.0	113.2	118.4
May	118.2	120.4	121.7	112.0	120.4	113.2	120.6	116.0	114.4	119.4
June	119.5	122.0	126.1	112.7	120.4	114.3	123.2	117.6	115.6	120.9
July	120.0	121.5	126.1	111.8	120.4	115.3	132.3	118.1	118.3	121.4
Aug.	120.1	120.7	126.1	112.9	120.4	116.0	132.4	118.2	119.9	121.8
Sept.	121.0	121.4	126.2	115.2	120.8	116.8	132.4	119.6	120.9	122.4
Oct.	121.3	122.1	126.2	116.8	120.6	117.3	135.2	119.3	121.1	123.1
Nov.	122.4	123.1	132.1	117.4	120.6	118.0	136.3	119.3	122.1	125.4

¹ New series calculated by the Central Statistical Office.

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			State employees	Municipal employees	Employees in private sector				
	Agriculture	Industry	Construction							Employees in services
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*	225.7	213.5	181.8	207.3	201.1	195.7	212.0	207.4	208.9	208.1
1982*										
July-Sept.	226.3	211.6	181.4	207.5	200.7	195.6	211.7	207.6	208.1	207.9
Oct.-Dec.	234.9	221.7	189.9	216.9	211.1	206.0	220.4	216.6	217.5	217.0
1983*										
Jan.-March	240.2	224.3	194.0	218.2	214.4	206.9	222.9	219.0	219.8	219.4
Apr.-June	247.1	236.7	201.0	228.4	222.2	215.2	233.8	228.7	230.4	229.5
July-Sept.	253.1	234.7	203.0	229.7	222.2	217.9	233.9	229.5	230.6	230.0

PRODUCTION

Volume indices of production 1975 = 100

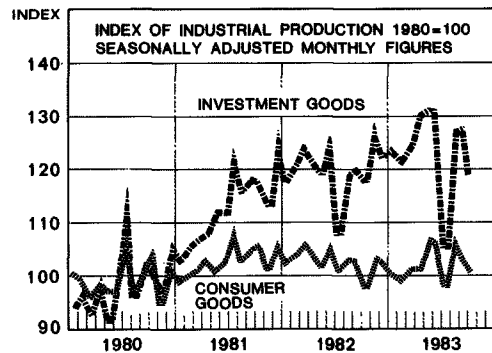
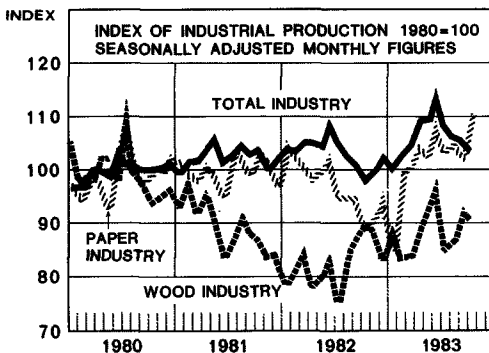
Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1981										
Apr.-June	118	131	90	155	76	94	119	107	129	121
July-Sept.	116	119	160	80	100	92	125	108	130	117
Oct.-Dec.	129	143	80	149	121	97	135	116	132	124
1982										
Jan.-March	115	133	70	134	72	89	113	96	133	120
Apr.-June	121	136	82	135	80	94	122	109	133	125
July-Sept.	120	121	197	64	106	95	123	111	135	121
Oct.-Dec.	133	144	91	154	135	100	136	127	137	129
1983*										
Jan.-March	118	132	83	141	81	86	115	100	138	123
Apr.-June	125	143	89	126	85	94	124	113	138	129

PRODUCTION

Index of industrial production 1980 = 100¹

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	102.6	114.1	103.4	100.1	104.0	89.6	100.8	103.0	101.2	106.9	102.9
1982*	103.7	121.0	103.4	100.6	106.4	83.5	96.1	98.1	108.4	114.0	103.8
1982*											
Oct.	107.3	125.2	108.5	103.5	123.6	97.6	94.6	99.6	125.5	117.5	98.9
Nov.	112.1	139.5	112.9	106.6	127.8	97.3	95.3	101.3	118.5	128.1	100.2
Dec.	104.7	125.8	104.9	100.8	110.6	75.6	89.5	95.8	114.0	118.9	103.2
1983*											
Jan.	103.6	124.6	101.6	100.7	94.0	82.4	87.8	91.0	114.0	118.0	101.0
Feb.	99.5	121.0	95.7	97.4	85.9	76.6	96.5	88.8	97.3	113.4	103.3
March	113.6	135.0	111.1	110.9	107.2	96.1	107.5	115.7	114.6	125.8	105.0
April	106.1	132.9	101.4	103.6	100.5	96.0	93.8	107.2	103.9	122.7	109.6
May	116.3	144.6	112.7	113.0	112.7	115.0	103.3	102.2	119.3	134.1	109.8
June	112.0	145.2	103.2	110.2	104.6	107.1	98.9	105.7	121.9	129.5	115.3
July	67.5	49.3	63.6	72.6	90.6	35.1	106.3	66.9	67.0	51.2	108.8
Aug.	111.3	118.8	108.0	111.5	113.2	86.5	115.4	113.4	122.5	113.9	106.7
Sept.	114.3	138.3	109.8	112.2	111.1	107.3	104.7	112.6	140.9	129.4	105.8
Oct.	112.9	125.9	111.4	111.2	125.2	100.1	115.9	114.7	130.4	119.3	104.1

¹ New series calculated by the Central Statistical Office



LABOUR¹ – 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 1980 = 100 ²	Wholesale volume index 1980 = 100 ²
1982*	3 658	2 530	2 380	150	5.9	41 435	106	109
1982*								
July	3 660	2 690	2 548	142	5.3	1 167	111	92
Aug.	3 662	2 619	2 475	143	5.5	1 383	106	107
Sept.	3 664	2 542	2 401	141	5.6	2 401	106	119
Oct.	3 663	2 517	2 365	152	6.0	3 164	114	120
Nov.	3 664	2 482	2 343	139	5.6	4 165	110	120
Dec.	3 663	2 492	2 345	147	5.9	4 793	136	127
1983*								
Jan.	3 670	2 469	2 289	180	7.3	3 728	93	89
Feb.	3 672	2 479	2 314	165	6.7	4 545	92	96
March	3 674	2 497	2 333	164	6.6	5 963	106	116
April	3 677	2 482	2 315	167	6.8	5 227	102	112
May	3 676	2 528	2 383	145	5.7	3 067	123	135
June	3 678	2 715	2 549	166	6.1	2 089	100	95
July	3 682	2 730	2 577	153	5.6	1 084	104	85
Aug.	3 682	2 555	2 426	128	5.0	1 303	105	113
Sept.	3 682	2 540	2 397	143	5.6	2 153	107	119
Oct.	3 687	2 520	2 369	151	6.0	2 860

¹ Revised figures, see item in August number.

² New series calculated by the Central Statistical Office.

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											
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
1982*											
Apr.-June	19.17	7.96	3.15	6.05	0.78	10.09	4.44	0.85	3.29	0.80	51.52
July-Sept.	12.80	4.59	1.38	4.73	1.03	9.58	3.93	1.69	2.49	0.87	56.52
Oct.-Dec.	10.63	3.29	0.88	4.75	0.93	15.37	5.83	2.62	5.33	0.69	50.48
1983*											
Jan.-March	9.77	4.14	1.27	3.20	0.72	9.87	3.88	1.08	3.66	0.66	45.37
Apr.-June	18.94	7.91	3.12	5.35	0.99	10.31	4.17	0.82	3.62	0.95	53.37
Julu-Sept.	12.48	3.97	1.04	5.55	0.89	9.43	3.42	1.61	2.92	0.83	56.70

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

Page 4. *Public sector*: Claims = Government promissory notes + Bonds + Total coinage + Other claims on the public sector. Other liabilities = Cheque accounts + Counter cyclical reserves + Counter-cyclical deposits + Capital import deposits + Other liabilities to the public sector. Certificates of deposit are interest bearing, freely transferable term liabilities of the Bank of Finland sold to the government. Their maturities range from one week to one year. As from November 1, 1983, certificates of deposit were replaced by the government deposit account.

Page 5. *Domestic financial sector*: Other liabilities, net = Capital import deposits + Other liabilities to financial institutions - Bonds - Other claims on financial institutions.

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 liabilities to corporations - Bonds - Other claims on corporations.

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 the end of the month lending rates weighted by credit outstanding. The annual figure for the average lending rate is an unweighted average of the weighted average monthly rates. Gross central bank debt of the deposit banks = The commercial banks' and Postipankki's cheque account overdrafts + Call money credit. Prior to January 1984 the average monthly amount of cheque account overdrafts at base rate was restricted by the quota granted to each bank. The banks could obtain central bank credit in excess of the quota by borrowing on the Bank of Finland's call money market. As from January 1984, the quotas were abolished and the only source of central bank debt is now the call money market. There is no longer any absolute ceiling on call money credit. However, banks' borrowing is monitored and a bank whose borrowing exceeds a certain limit comes under the special surveillance of the central bank. The interest charged on call money credit, the call money rate, is adjusted by the central bank in line with monetary policy objectives at the time.

Net central bank debt of the deposit banks = Gross central bank debt of the deposit banks - The commercial banks' and Postipankki's deposits on the call money market - All deposit banks' cash reserve deposits at the Bank of Finland.

Cash reserve deposits of the deposit banks equal the total amount of cash reserve deposits at the Bank of Finland made by the deposit banks under the Cash Reserve Agreement of March 8, 1983. The deposit banks consist of the commercial banks, co-operative banks, savings banks and Postipankki.

The cash reserve requirement is set each month by the Bank of Finland as the percentage of each bank's stock of deposits which must be deposited at the central bank. Deposits are to be made one month after the close of the month to which the coefficient applies.

Call money credit extended by the Bank of Finland = Demand for call money by the deposit banks - Supply of call money by the deposit banks.

Average cost of gross central bank debt = Costs of borrowing paid to the Bank of Finland by the deposit banks, as a percentage of their gross 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 M₁ = 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 trade- and goods and services account 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.

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 reserve 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. Debt service does not include amortisation of the Bank of Finland's reserve and oil credits.

PRICE INDICES

Page 20. All indices calculated by the Central Statistical Office.

WAGES - PRODUCTION

Pages 21-22. Figures supplied by the Central Statistical Office.

Page 22. *Index of industrial production* calculated by the Central Statistical Office. The grouping, by branches of industry is in accordance with the Standard industrial Classification (SIC) which is a version of the 1968 edition of the ISIC. The SIC facilitates international comparisons between Finnish statistics and corresponding data from countries which use the ISIC. The seasonally adjusted series is calculated by the Bank of Finland on the basis of the index of industrial production per working day according to a method resembling the U.S. Bureau of Census Method II.

LABOUR - TIMBER FELLINGS - INTERNAL TRADE - CONSTRUCTION OF BUILDINGS

Page 23. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Forest Research Institute, *Retailers' and Wholesalers' volume indices* supplied by the Central Statistical Office. *Construction of buildings* figures calculated by the Central Statistical Office.

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

SOME PARTICULARS ABOUT FINLAND

FORM OF GOVERNMENT

From 1 155 to 1 809 Finland formed a part of the kingdom of Sweden. Connected from 1 809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. The President for the current term, January 27, 1982, to March 1, 1988, is Mauno Koivisto.

Parliament, comprising 200 members is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 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 338 000 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 (1979). The total land area was distributed among different classes of owners approximately as follows: private 58.7 %, State 31.4 %, joint stock companies etc. 7.4 %, municipalities and parishes 2.5 %.

POPULATION

NUMBER OF INHABITANTS (1981): 4.8 million. Sweden 8.3, Switzerland 6.4, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1981): In South Finland 47.0, in East and Central Finland 14.1, in North Finland 4.1 and in the whole country an average of 15.8 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1981): 40 % of the population inhabit the rural areas, 60 % towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital, 483 051 inhabitants, Tampere (Tammerfors) 167 028, Turku (Åbo) 163 526.

EMPLOYMENT (1982): Agriculture and forestry 13 %, industry and construction 34 %, commerce 14 %, transport and communication 7 %, financing, insurance, real estate and business services 6 %, community and personal services 26 %.

LANGUAGE (1981): Finnish speaking 93.5 %, Swedish speaking 6.3 %, others 0.2 %.

EDUCATION (1982): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 14 colleges of university standard.

CHANGE OF POPULATION (1981): births 13.2 ‰, deaths 9.2 ‰, change + 5.2 ‰, net immigration + 1.2 ‰. Deaths in France 10.3 ‰ and Great Britain 11.8 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1982), in million marks: Gross domestic product at factor cost by industrial origin: agriculture 8 993 (4 %) forestry and fishing 9 729 (5 %), manufacturing 64 416 (31 %), construction 15 271 (7 %), trade, restaurants and hotels 24 017 (11 %), transport and communication 17 052 (8 %), banking and insurance 8 633 (4 %), ownership of dwellings 15 009 (7 %) other services 47 323 (23 %), total 210 443. Index of real domestic product 124 (1975 = 100).

FOREST RESOURCES (1981). The growing stock comprised of 1 638 million m³ (solid volume with bark) of which 44 % was pine and 38 % spruce the remaining 18 % being broad-leaved trees chiefly birch. Of the growing stock 674 million m³ was up to the standard required for logs, 52 % of these being pine. The annual growth was 66 million m³ and the total drain calculated on the basis of roundwood consumption was 56 million m³.

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 (Sept. 30, 1983): Passenger vessels 156 (260 477 gross reg. tons), tankers 49 (1 346 591 gross reg. tons), dry cargo vessels 180 (850 223 gross reg. tons), other vessels 100 (13 951 gross reg. tons), total 485 (2 471 242 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 24.6, Skr 15.8, £ 13.1, DM 13.3, \$8.6, other currencies 24.6. 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 Managements 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 (July 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 9 ½ %. The range of rates for other credits granted by the Bank of Finland is between 7 % and 12 %. Other credit institutions: time deposits 5 ¼ %; 6 month deposits 6 ½ %; 12 month deposits 8 %; 24 month deposits 9 ¼ % and sight deposits 2 ¼ %. The highest lending rate 14 %.

ECONOMIC POLICY AND EMPLOYMENT

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LONG-TERM STRUCTURAL CHANGE AND POLICY GOALS

In 1960, the number of employed persons in Finland amounted to 2.1 million, of which almost 0.8 million were engaged in agriculture and forestry. In 1983, employment totalled 2.4 million, with 0.3 million employed in agriculture and forestry, 0.8 million in industry and construction and 1.3 million in the service sector. As these figures suggest, structural change has been more pronounced in Finland than elsewhere in Europe.

In Finnish economic policy during this period of change, economic growth and the expansion of employment in the manufacturing and service sectors have been accorded clearly higher priority than the maintenance of stable prices and balance on the current account. The emphasis has been on promoting structural change, activating the labour force and improving vocational training, supporting investment and offering tax incentives for saving. New outlets for growth have been sought by widening Finland's participation in the international division of labour.

The economic policies pursued in Finland have resulted in a fairly rapid growth of output, and, in contrast to European industrialized countries in general, employment has, until recently, also risen in industry.

The transition to slower growth in the mid-1970s as a result of developments in the international environment has altered the situation considerably. Capacity utilization has fallen and the rate of unemployment risen. Sectoral shifts in the economy have slowed and internal migration abated.

The exodus of labour from agriculture has slowed to a trickle and industry is no longer increasing its workforce to any significant extent. Moreover, the growth of employment in the service sectors has decelerated, mainly because of the slowdown in the expansion of the public sector.

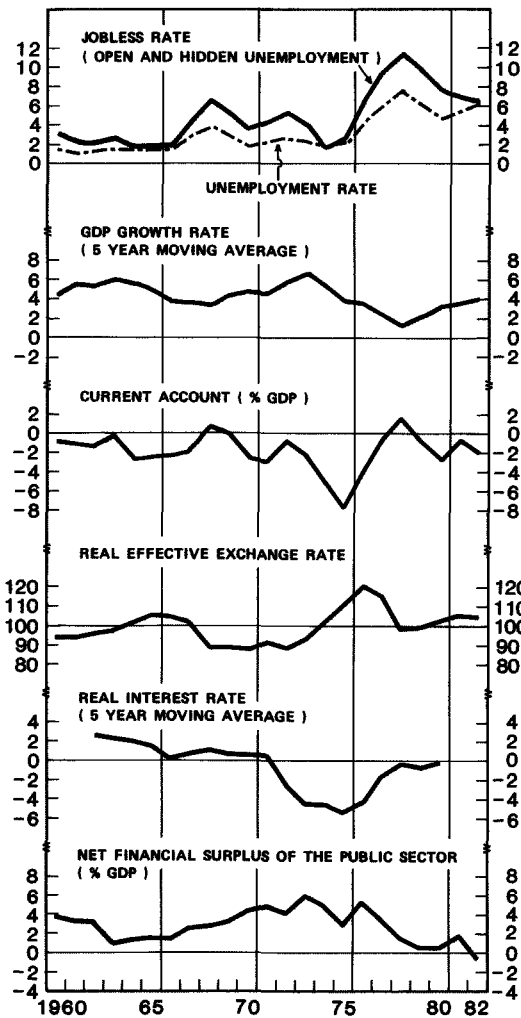
Continued efforts to maintain a high level of economic activity have resulted in an almost constant deficit on the current account and an increase in foreign debt. Moreover, the rate of inflation has been distinctly higher in Finland than in the OECD-countries on average. External indebtedness engendered by current account deficits and losses in competitiveness caused by inflation have necessitated significant devaluations of the Finnish markka in 1967–1978 and in 1982.

CYCLICAL DEVELOPMENTS

Over the last 20 years, the rate of open unemployment has varied between 1.2 and 7.5 per cent and the jobless rate, open and hidden unemployment taken together, between 1.7 and 11.5 per cent. The lowest unemployment figures have been achieved during the final phases of inflationary growth (1965–1966 and 1974–1975) and hence have proved no more than transitory. On the other hand, the unemployment figures have been at their highest towards the end of stabilization periods and at the beginning of upswings (1968 and 1978).

The current account balance has fluctuated in line with economic activity, but these fluctuations have been noticeably more pronounced after the first oil crisis than before it. In Finland, the fluctuations in the current account

KEY ECONOMIC INDICATORS IN 1960–1982



have been more closely associated with variations in the rate of investment than has been the case in other countries in general. It is worth noting, however, that over the past five years the current account deficit has been at its long-term average level despite a 4 percentage point fall in the investment rate. This is partly explained by the relatively large deterioration in the terms of trade since the mid-1970s. From the early 1970s till 1982, the terms of trade declined by 10 per cent.

Because of the large devaluations, high rates of inflation and the unstable exchange market conditions of recent years, there have been

very sharp movements in the markka's real effective exchange rate. The upward trend in 1960–1966 was due to inflation, the fall in 1967–1972 to devaluation, the rise in 1972–1976 to about of very high inflation, the fall in 1977–1979 to devaluation and the rise in 1979–1982 to inflation. The markka was undervalued in the four-year period preceding the first oil shock and overvalued in the subsequent four years. In the early 1980s, the real effective exchange rate was more than 10 per cent higher than in the early 1970s, while over the same period the terms of trade declined by 10 per cent. Together, these factors placed the current account under increasing pressure, which was only relieved by a devaluation in the autumn of 1982. Following this, the exchange rate settled at close to its long-term average.

The real interest rate has traditionally been low in Finland. This has tended to increase the propensity to invest, reduce the requirement for return on capital employed and has perhaps also resulted in factor proportions being too capital-intensive. The low real interest rate has, together with inflation, encouraged the corporate sector to increase the share of debt capital in its financing of capital formation.

As a rule, net lending of the public sector has been positive and relatively high due to the fact that industry, agriculture and housing production were partly financed through the central government budget during the period of rapid structural change. However, there has been a marked change since the oil crisis. Whereas public sector net lending accounted for 6 per cent of GDP in 1973, the public sector had become a net borrower by 1982, showing a net financial deficit of 0.7 per cent of GDP. This reflects a clear decline in general government financing of both housing production and industry.

ECONOMIC POLICY AND EMPLOYMENT AFTER 1977

The most important external changes influencing the Finnish economy in recent years

have been the faster pace of international inflation, the rise in international interest rates, sluggish export demand and weaker terms of trade. All these factors have to some degree impeded the realization of medium-term economic policy targets in Finland.

ECONOMIC POLICY IN 1977—1982

	Target	Actual
Average growth rates 1977—1982:		
GDP	4 ¼	3.9
Export	7 ¼	6.6
Public consumption	2 ¾	4.1
Consumer prices	5	9.8
1982:		
Open unemployment, %	2 ½	5.7
Current account, % GDP	-1	-2
Net foreign debt, % GDP	21	16.7
Gross tax ratio, % GDP	38 ½	36.2

Of the targets set by the Government in 1977, combatting inflation and reducing unemployment have been the least successful. Apart from a brief period in 1978—1979, inflation in Finland has remained higher than the international average.

The fact that the unemployment rate has consistently exceeded its target level can only partly be attributed to slower growth of output than assumed at the time the targets were set. On the other hand, employment in the public sector has grown more than forecast. The higher-than-estimated unemployment rate is mainly due to the supply of labour growing more than forecast. The most obvious reasons for the increase in the labour supply would seem to be the net migratory inflow from Sweden, improved vocational training, better health of the population and higher participation rates, especially among women. Contributing to this last development has been the increase in women's vocational training, better child daycare facilities and the separate taxation of spouses introduced in the early 1970s.

The share of foreign debt in GDP has fallen more rapidly than anticipated by the Govern-

ment when setting the targets. Partly, this is because corporate sector investment has not grown and high interest rates abroad have made firms less interested in foreign borrowing. By contrast, the central government's foreign debt has grown considerably, its share in GDP doubling since 1977. While the State's share in Finland's total foreign debt was 15 per cent in 1977, it amounted to almost a half in 1982. The State's foreign debt has been allowed to grow so as to avoid a rise in the tax ratio and to safeguard the financing of private investment from domestic sources.

The most important changes in economic policy over the last few years have been as follows:

- halting the rise in the tax ratio by regularly adjusting tax schedules for inflation
- alleviating corporate taxation and intervening as little as possible in firms' problems, in keeping with the OECD's principle of positive adjustment
- halting the rise in direct labour costs despite the increase in social security benefits
- allowing the public sector debt to grow whilst reducing central government lending in support of housing production and industrial investment
- increasing the funds available for research and development and enhancing vocational training
- reducing the areas where administered rates of interest are applied, strengthening the position of the unregulated market interest rate and aiming to achieve a positive real interest rate
- intensifying energy conservation and developing domestic sources of energy
- channelling oil imports, as far as possible, within the framework of the bilateral trade with the Soviet Union.

Of these steps, those best serving the full employment objective are the curbing of indirect labour costs and the raising of the real rate of interest. The system of financing social security in Finland to some extent favours the use of capital at the expense of labour. As a rule, pension funds and other social security schemes are financed by contributions collected in connection with the payment of wages and salaries, which are then lent to investors, often at a negative rate of interest. This has boosted investment to some extent but may also have resulted in too rapid a substitution of capital for labour.

Hindering the maintenance of labour-intensive production is the fact that it is precisely in the area of labour saving that technology is making very rapid advances. Under such circumstances, rectifying the unfavourable developments in relative prices mentioned above can do little to influence the choice of production technology or the composition of factor inputs.

The scope for improving employment by supporting the growth of output and retarding the capital-deepening process is limited. Thus, it would appear that the restoration of better balance in the labour market will, in the coming years, also have to rely on schemes for reducing working time. In the heavy processing industry, where labour requirements are clearly declining, shorter working time has been introduced in some sectors. In manufacturing industry operating on a continuous three-shift basis, the working week has been reduced from 40 to 36 hours. It seems evident that schemes of this kind will spread quickly to those areas of production where the operating time of productive capacity can be kept unchanged even after a reduction in normal working hours.

More emphasis in the future will also be placed on adult education so as to both increase the vocational skills of the labour force and to reduce the supply of labour. For the time being, the implementation of measures of this kind is hampered by a shortage of appropriate plans.

Some scope for reducing the present imbalances in the labour market is also offered by aids to labour mobility. Even in periods of slow growth, labour shortages, either general or occupational, tend to emerge in the Greater Helsinki Area and a few other population centres, while in some economically weak areas the rate of unemployment exceeds 10 per cent. Regional and occupational labour shortages have resulted in wage drift, which in turn has given an impetus to inflation. Due mainly to demographic factors and housing market problems, the promotion of occupational mobility by, inter alia, expanding the vocational training of adults, will play an increasingly important role in securing flexibility in the labour market.

In formulating key economic objectives in recent years, priority has been given to policies which are least injurious to employment. The deficit on the current account has been allowed to continue, monetary policy has not been made too restrictive, and cuts in public sector spending have not been of the same magnitude as in many other industrialized countries. Although from the cyclical policy viewpoint, this policy approach has been successful in sustaining domestic demand as export demand has weakened, the problems of the public sector have mounted quickly, posing the danger of structural disequilibrium.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM JANUARY 1, 1983 TO JANUARY 1, 1984

January

Call money market. The Bank of Finland abolishes the system of interest rate equalization on January 1. In the same context, the call money rate is lowered from 11.5 to 11.0 per cent.

Termination of the clearing agreement between Finland and the People's Republic of China. As from January 1, convertible currencies are used instead of clearing marks in trade payments between the two countries.

February

Call money market. The Bank of Finland lowers the commercial banks' call money tranche at call rate from a total of 1 600 million marks to 800 million marks on February 1. In addition, the 4 per cent supplementary charge is lowered to 2 per cent.

As from the same date, the Bank of Finland raises the call money rate from 11.0 to 12.0 per cent.

Cash reserve requirement. At the end of February, the Bank of Finland raises the reserve requirement from 3.3 to 3.7 per cent.

March

Call money market. The Bank of Finland raises the call money rate from 12.0 to 13.0 per cent on March 1.

Cash reserve requirement. At the end of March, the Bank of Finland raises the reserve requirement from 3.7 to 4.1 per cent.

April

Financing of saw mill investment. On April 6, the Bank of Finland decides that it will not, for the time being, participate in the financing of saw mill investment by granting domestic suppliers' credits for this purpose, nor grant permits for raising loans abroad for the financing of such investment.

Cash reserve requirement. At the end of April, the Bank of Finland raises the reserve requirement from 4.1 to 4.7 per cent.

May

Regulation of average lending rates. As from May 1, the banks are permitted by the Bank of Finland to pass on in their lending rates part of the cost of their borrowing on the unregulated money market. The proportion to be passed on is a maximum of 40 per cent of interest expenses on specified funding at rates above the 1984 ceiling on the average lending rate.

In the same context, the maximum lending rate is raised from 12.5 to 13.0 per cent and the recommendations on lending rate differentiation are cancelled.

Call money market. On May 1, the Bank of Finland abolishes the system of supplementary charges on call money overdrafts and raises the call money rate from 13 to 15 per cent.

Arrangement for financing domestic suppliers' credits. On May 11, the Bank of Finland lowers its share of domestic suppliers' credits from 50 to 40 per cent.

Forward exchange market. On May 27, the Bank of Finland ceases quoting forward rates for roubles and participating in forward deals conducted in roubles.

July

Interest rate policy. On July 1, the Bank of Finland raises the base rate from 8.5 to 9.5 per cent, whereby the banks' lending and deposit rates also rise by an average of one percentage point. In addition, the upper limit on lending rates is raised from 13 to 14 per cent.

Financial futures agreements. As from July 1, the Finnish banks are permitted by the Bank of Finland to participate in financial futures markets either on their own or their customers' behalf.

September

Credits for the financing of imports. As from September 1, the Bank of Finland extends the maximum period of import credits granted by the authorized banks from 3 to 6 months on certain conditions.

Changes in the payments agreement between Finland and the German Democratic Republic. An agreement between the two countries, involving a changeover to the use of Finnish marks as the clearing currency instead of US dollars, enters into force on September 1. On the same date, the credit limit on the clearing account is raised to 70 million marks.

Call money market. The Bank of Finland raises the call money rate from 15.0 to 18.0 per cent on September 15 and lowers it to 17.5 per cent on September 23.

October

Regulation of average lending rates. On October 1, the Bank of Finland raises the proportion of the cost of borrowing on the unregulated money market which the banks may pass on in their lending rates from 40 to 50 per cent.

Call money market. The Bank of Finland lowers the call money rate from 17.5 to 17.1 per cent on October 6, to 17.0 per cent on October 12 and to 16.7 per cent on October 17.

November

Government deposit account/certificates of deposit. On the proposal of the Board of Management, the Bank Supervisors of Parliament decide that the Bank of Finland may pay interest on a deposit account opened by the government up to a rate which is half a percentage point below the base rate. The deposit account replaces the earlier transactions with the government in certificates of deposits, the interest payment permit for which is to terminate at the end of 1983.

1984

January

Quotas at base rate. The commercial banks' central bank quotas at base rate are abolished as from January 1 (See item in this Bulletin).

Call money market. Foreign-owned banks are extended the same rights as the domestic banks to participate in the call money market as from January 1. At the same time, an upper limit is imposed on call money deposits of 20 per cent of each bank's balance sheet total (See item in this Bulletin).

The Bank of Finland raises the call money rate from 16.7 to 17.5 per cent on January 1.

Regulation of average lending rates. On January 1, the Bank of Finland raises the proportion of the banks' funding costs in the unregulated money market which they may pass on in their lending rates from 50 to 60 per cent. In the same context, the 14 per cent upper limit on the banks' lending rates is abolished for credit extended to corporations in the form of cheque account overdrafts and bills.

Currency index. As from January 1, only the convertible currencies most important for Finland's foreign trade are taken into account when calculating the currency index number expressing the external value of the markka (See item in this Bulletin).

ITEMS

Changes in methods of monetary control.

The Bank of Finland has decided to modify the regulations governing bank borrowing from the central bank. From 1st January 1984, the quotas at which the commercial banks may obtain credit from the central bank at the base rate will be abolished. Banks will have to manage their liquidity through the call money market, a deposit and overdraft facility at the Bank of Finland created in 1975. The significance of the quotas, which have been used in one form or another for more than three decades, has declined as the call money market has grown. Henceforth the most important instruments of monetary policy will be the base rate, the call money rate and cash reserve deposits.

New rules governing the call money market will also come into force in January 1984. From the beginning of the year, all commercial banks observing the Bank of Finland's average lending rate rules will be authorized to participate in the market. Previously the three foreign-owned commercial banks established in 1982 were not able to participate in the market.

The increase in the number of call money market participants will serve to intensify the interaction between this market and the unregulated rate money market which has developed over the past few years. No limits have been set on call money credit, but the Bank of Finland is prepared to take steps whenever necessary if banks become too heavily indebted to the central bank. For the time being, there will be an upper limit on call money market deposits of 20 per cent of each bank's balance sheet total.

Revision of the Bank of Finland currency index. § 2 of the Currency Act has been amended as of January 1, 1984. According to

the amendment, the currency index number expressing the external value of the mark is to be calculated on the basis of the convertible currencies most important for Finland's foreign trade. Thus, the Soviet rouble, which was included in the previous index, is no longer included when calculating the index.

The Government has, on the proposal of the Bank of Finland, confirmed the method of calculating the external value of the mark and the fluctuation limits of the index. These amendments likewise entered into force on January 1, 1984.

As in the old index, the weights of the currencies in the new index are determined on the basis of the respective countries' shares in Finland's foreign trade. The largest weights are those of the Swedish krona (19.6 %), the deutschemark (18.9 %), the pound sterling (15.0 %) and the US dollar (10.6 %). All in all, 12 currencies are included in the index.

A new formula for calculating the currency index has been introduced. In addition, the exchange rates at the time of calculation are now related to the average exchange rates in the calendar year two years earlier (the so-called chain principle), instead of to a fixed base year as in the old index.

The base period for the new currency index is the year 1982, for which the index number is set at 100. The upper limit on the fluctuation range of the index is 106.0 and the lower limit 101.3. These limits correspond to those which were in use until the amendments entered into force.

Foreign exchange regulations. The Foreign Exchange Regulations of the Bank of Finland were liberalized to some extent at the beginning of 1984.

The upper limits on mark amounts specified in the Foreign Exchange Regulations have been raised and the prohibition of the export and import of 500 mark banknotes cancelled. Some other revisions have also been effected.

Most of the mark amounts specified in the Foreign Exchange Regulations have been raised by slightly more than an adjustment for inflation would have required. The maximum value of the means of payment that may be freely exported from the country has been raised from 5 000 marks to 10 000 marks per trip per person. The maximum amount of so-called emigrant's foreign exchange granted to a person emigrating from Finland and of foreign exchange granted for buying a second home abroad has been increased from 250 000 marks to 300 000 marks.

The provision prohibiting the export and import of 500 mark banknotes has been cancelled, as the significance of this provision has diminished from the point of view of foreign exchange control.

These revisions are a continuation of earlier amendments liberalizing the Foreign Exchange Regulations and do not signify any basic change in foreign exchange control.

Trade agreement between Finland and the U.S.S.R. for 1984. The annual protocol governing the trade between Finland and the U.S.S.R. for 1984 was signed in Moscow in December 15, 1983. According to the agreement, the total value of the exchange of goods in 1984 will amount to about 36.5 billion marks.

The value of Finland's exports to the U.S.S.R. in 1984 (including construction projects) has been fixed at approximately 17.5 billion marks, somewhat less than in 1983. Exports of consumer goods and of the traditional exports, machinery and equipment, are estimated to grow considerably in value, while agricultural, forestry and chemical industry exports have been set at the same level as last year. In contrast, the value of ship deliveries and Finn-

ish construction projects in the Soviet Union is expected to decline distinctly.

The composition of imports will be largely unchanged, with the emphasis, as before, on imports of energy. This includes a crude oil quota of 9 million tonnes, any unused part of which may, if necessary, be exchanged for other goods. Imports of raw materials are expected to show a slight increase on the previous year. The total value of imports from the U.S.S.R. will remain at approximately the same level as in 1983.

As a result of the trade agreement for 1984, Finland's clearing account surplus, including the balance on the special account, will decline significantly. In the course of 1984, the special account balance will be run down by 50 million roubles.

Supplementary budget. The third supplementary budget for 1983 was approved by Parliament in December. The second supplementary budget, approved in November, was concerned with arrangements between the Bank of Finland and the International Monetary Fund and did not involve any additional central government expenditure. Together, the first and third supplementary budgets involve an addition of 3.4 billion marks, or 4.6 per cent, to expenditure in the ordinary budget. This is somewhat less than the average increase in expenditure in supplementary budgets during the past few years.

Budgeted central government expenditure for 1983 totals 77.7 million marks, 12.4 per cent more than for 1982. In volume terms, this represents an increase of some 2.5 per cent. During 1983, fiscal policy has shifted towards a more restrictive stance; in 1982, the volume of expenditure grew by almost 7 per cent.

Budgeted central government revenue, including state borrowing of 11.5 billion marks, amounts to 77.3 billion marks, at which level central government finances are balanced when various savings in expenditure are taken

into account. In relation to GDP the share of state expenditure is unchanged at 29 per cent.

The third supplementary budget provides for increased expenditure of 2.1 billion marks. As usual, most of this increase is attributable to greater-than-expected rises in costs. It also includes outlays of 0.5 billion marks for agricultural price subsidies and 0.2 billion marks for special measures relieving unemployment and for vocational training.

The unforeseen accrual of income for the year, which is taken into account in the third supplementary budget, amounts to 1.6 billion marks. The additional income is mainly due to greater-than-forecast growth in domestic demand, which has raised the revenue from indirect taxes.

Chronological listing of monetary and foreign exchange policy measures. On pages 30–31, a chronological listing of monetary and foreign exchange policy measures from January 1, 1983 to January 1, 1984 has been included as a new feature. Henceforth, this summary will appear regularly in the Bulletin and will cover events over the previous twelve months.

Changes in the statistical section and charts of the Bulletin. Since 1979, two charts on monetary policy and a number of monetary policy indicators have been published in the Bulletin. Because of changes in monetary policy and the money market in recent years, it has been necessary to revise these data. Among other things, cash reserve deposits have assumed greater significance than before, the role of central bank credit quotas has diminished and the call money market has become a key monetary policy forum. The following changes and revisions have been made to these statistics as from the beginning of 1979.

The chart on the inside front cover of the Bulletin depicting the commercial banks'

central bank position has been revised. It now shows the commercial banks' gross and net central bank debt and the credit quotas. The cash reserve deposits constitute the difference between the gross and net debt.

Pages 4 and 5. Certificates of deposit in circulation have been transferred to the public sector since they have been held entirely by the central government. On November 1, 1983, the method of depositing government funds was simplified and certificates of deposit were replaced by the government deposit account. In the Balance Sheet on page 3, this new account has been placed among the liabilities to the public sector. In addition, some changes have been made in the headings of the Balance Sheet and the series.

The monetary policy indicator series on page 6 have been revised to reflect policy changes and their coverage extended to include the whole banking sector, and not just the commercial banks. Publication of the series showing the central bank credit quotas and the cash reserve deposits of the commercial banks has been discontinued, since the corresponding information is given in the chart "Commercial banks' central bank position" on the inside front cover. In addition to the commercial banks' gross debt, Series 1, "Gross central bank debt of the deposit banks", now includes Postipankki's gross liability to the Bank of Finland. The series comprises the banks' cheque account overdrafts and call money market advances. It does not include the banks' till-money credits, since these correspond to the total amount of cash held daily by the banks in their tills and cannot thus be utilized for the management of liquidity. Series 2, "Net central bank debt of the deposit banks", is equivalent to Series 1 less cash reserve deposits (Series 3) and deposits on the call money market.

Series 3, "Cash reserve deposits of the deposit banks", shows the total amount of the deposit banks' cash reserve deposits at the central bank and Series 4, "Cash reserve requirement", the current percentage of the banks'

stock of deposits which has to be deposited at the Bank of Finland. Series 5, "Call money credit extended by the Bank of Finland", shows the amount of credit extended to the call money market by the central bank. Series 6–9, covering interest rates, are unchanged, except that Series 7, "Average cost of gross central bank debt", now also includes the cost data on Postipankki's central bank debt so as to correspond to Series 1.

The chart on page 6, "Bank of Finland call money market", has been replaced by a new chart, "Key interest rates applied by the Bank of Finland", showing movements in the call money rate and the Bank of Finland's base rate.

BANK OF FINLAND

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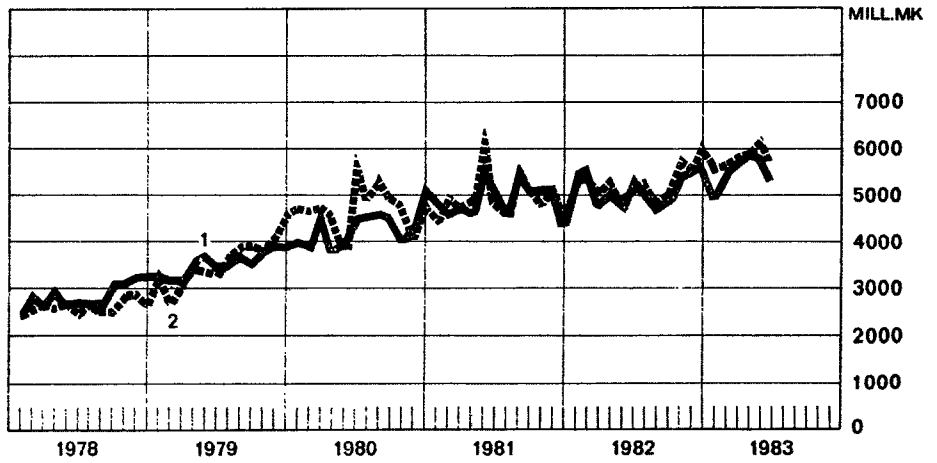
Data Processing

FOREIGN TRADE, 1978-83

1. Exports f.o.b.

2. Imports c.i.f.

Seasonally adjusted monthly figures



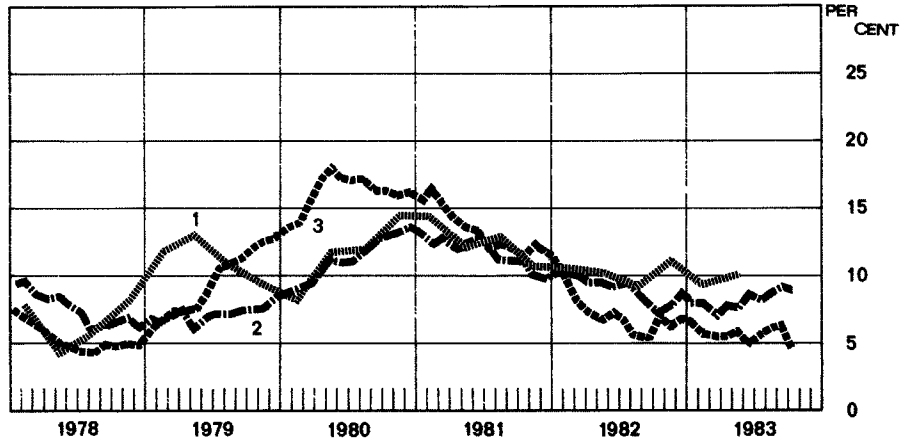
PRICES AND WAGES, 1978 - 83

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

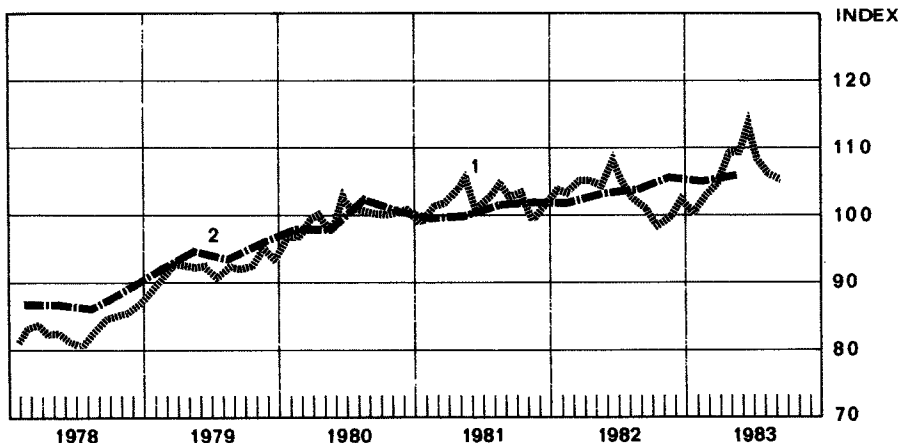
Percentage change on previous year



PRODUCTION, 1978 - 83

1. Total index of industrial production 1980=100, seasonally adjusted monthly figures

2. Volume index of gross domestic product 1980=100, seasonally adjusted quarterly figures



Bank of Finland Monthly Bulletin
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