



BANK OF FINLAND

Monthly Bulletin

The 100th anniversary of the Bank of
Finland Security Printing House

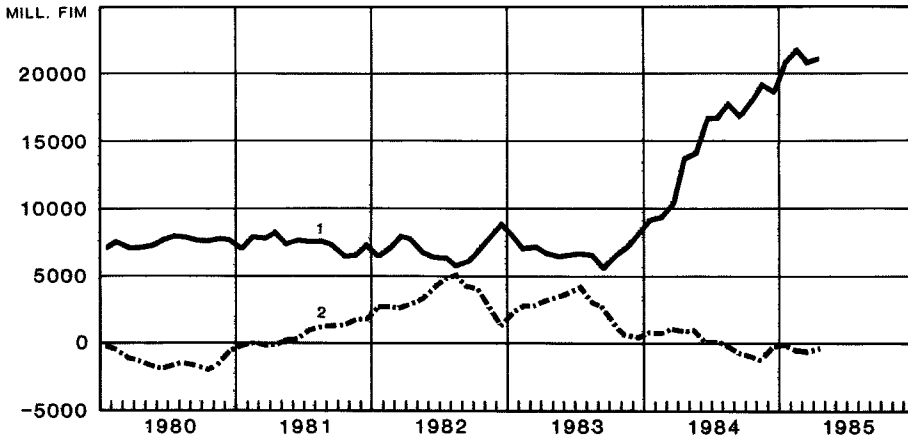
Finnish economy in 1984 and the current
outlook

Monetary and foreign exchange policy
measures from May 1984 to April 1985

MAY 1985

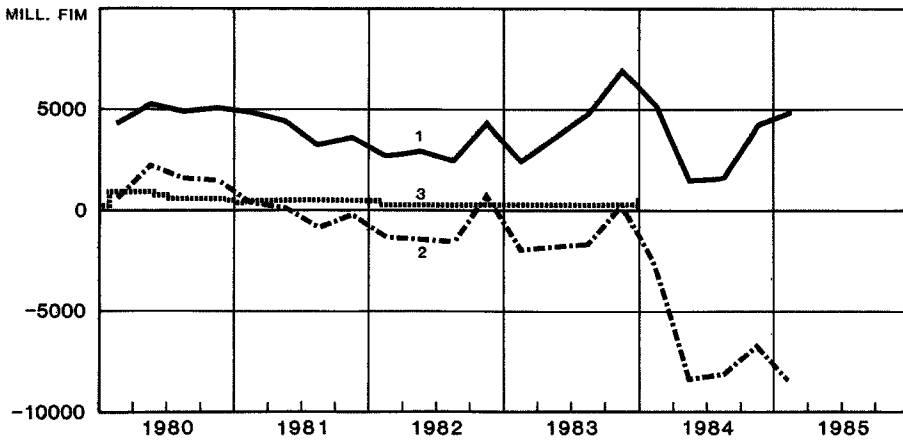
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BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1980-85



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

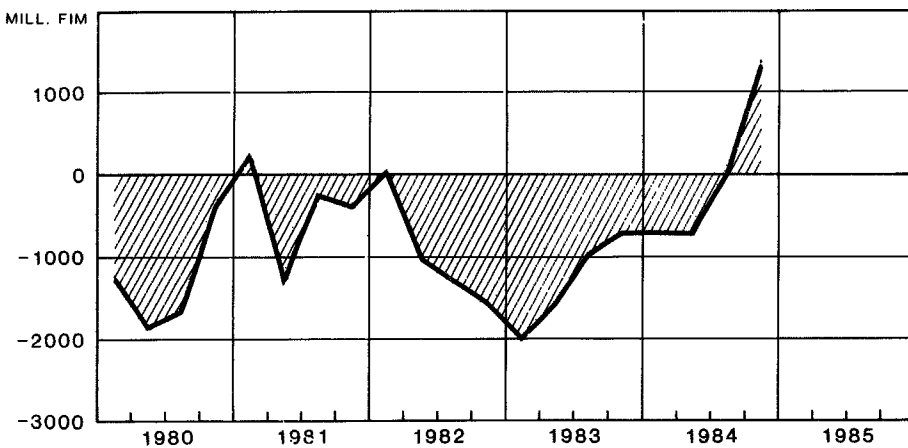
DEPOSIT BANKS' CENTRAL BANK POSITION, 1980-85



- 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, 1980-85



Seasonally adjusted quarterly figures

THE 100TH ANNIVERSARY OF THE BANK OF FINLAND SECURITY PRINTING HOUSE

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Helsinki University

May 1985 marks the 100th anniversary of the foundation of Finland's only security printing house. Normally, the note printing works of a central bank specializes in producing banknotes, the Post Office has its own stamp press and the manufacture of other security products is in the hands of other printers. In Finland, practically all security printing is entrusted to the Bank of Finland Security Printing House. Within the Finnish printing industry, it ranks as a medium-sized enterprise, with a turnover of FIM 87.7 million in 1984.

SECURITY REQUIREMENTS NECESSITATED THE ESTABLISHMENT OF THE PRINTING HOUSE

The present area of operations of the Security Printing House is the outcome of a long historical process. Changes in the principles governing its operations have always been made on the basis of needs dictated by developments in society. Indeed, a salient feature of a security printing house is its ability to adapt rapidly to changing conditions.

Initially, only Bank of Finland banknotes were produced at the Security Printing House. Prior to that, banknotes had been manufactured abroad: in Russia, Prussia and, from the 1870s, in Denmark. The decision to establish a security printing house in Finland was based above all on safety and security considerations. At that time, most European countries were capable of producing high-quality banknotes, but considerable security risks attached to the transport of both plates and finished banknotes. Establishing a printing house in connection with the Bank of Finland offered a means of eliminating these risks. The proposal to establish the Security Printing House was first put forward in 1879, and the Diet made a

decision in favour of establishment in 1885. After the completion of the building, production got under way on a trial basis in early 1887, and the first banknotes were delivered to the Bank of Finland in June 1888. Up till 1921, the Security Printing House was managed by an outside contractor under a production contract concluded with the Bank of Finland.

Up to World War I, the Security Printing House operated on a fairly modest scale. In fact, the demand for banknotes in Finland was not always sufficient to keep the printing house in production, and it had to be closed for a number of years. As was to be proved again later, the true importance of the Security Printing House only became apparent in a time of crisis. The inflation during World War I increased the need for banknotes many times, and the fact that Finland's borders were closed because of the hostilities clearly demonstrated the usefulness of having a security printing house located within the country. However, it was also shown that a sudden increase in output could not be achieved in such a small plant without some loss in security standards. As a matter of fact, the amount of forgeries was exceptionally high during World War I. Immediately after the war, measures were taken to expand and modernize the Security Printing House.

RATIONALIZATION IN THE 1920S

Production techniques at the Security Printing House were modernized in 1920-1921, when, among other things, four copper plate presses were purchased from Sweden and the pre-production department was expanded through the establishment of an engraving unit. After these changes, all stages in the manufacture of banknotes could be performed in Finland. In

the same context, the administrative position of the printing house was also clarified by integrating it into the organization of the Bank of Finland.

The early 1920s also saw a major change in the principles governing the operations of the printing house with the decision to widen the product range. At that time, nearly all government institutions were operating printing presses of their own. In addition to the Security Printing House, security printing was carried out in the stamp press operated by the Finnish Stamp Office and in the press of the Council of State, where, for instance, government bonds were printed. So as to avoid unnecessary duplication of investment, it was decided to amalgamate the Stamp Press with the Security Printing House in 1923. As a result, the production of postage stamps, revenue stamps and entertainment tax vouchers was transferred to the Security Printing House. Shortly after, the production of government bonds was also transferred to the printing house, whereby all government security printing was concentrated under the same roof.

Equally significant was the expansion of the printing house in the latter half of the 1920s to cater for the needs of the private sector. First bonds and later also cheques were manufactured for banks, insurance companies and other private enterprises. Thanks to the Note Reform in the 1920s and the new products, the value of output roughly doubled from its prewar level and the number of employees trebled to 80–85.

This phase of active development came to an end in the final years of the 1920s, and it was not until World War II and the immediate postwar period that the Security Printing House regained its position as an important production plant. A particularly remarkable achievement at this time was the successful replacement of all existing banknotes in early 1946. Normally, the introduction of a new series of notes requires several years of preparation. In 1945, both the preparatory work and the production of the series had to be carried out in less than six months.

THE SECURITY PRINTING HOUSE SERVES THE NEEDS OF SOCIETY AT LARGE

The composition of output of the Security Printing House remained virtually the same for over three decades until the beginning of the 1960s. After World War II, the introduction of new products was constrained by a lack of capacity and outdated techniques. The situation improved with the move to new premises in 1954–55, and after about ten years the quality of output had reached international standards. This made it possible to embark on an active search for new markets. When, later on, there was a rapid growth in demand for new security printing services by various sectors of the community, the printing house was able to respond to these needs. With the exposure in 1972 of the large-scale misuse of housing share certificates, their production was transferred to the Security Printing House. In the same year, too, the manufacture of all personal cheques was started at the Printing House after forgery had risen to unacceptable levels. Because of the addition of these and other similar products to the product range, the share of goods produced for the private sector had grown to about one-quarter of total output by the early 1970s, and it has also subsequently been the area of fastest growth. To an ever-increasing extent, the Security Printing House has come to serve society at large. Indicative of the change in the scale of production is the fact that, by the mid-1970s, the number of employees had risen to more than 400.

The Security Printing House went into the export field in the mid-1960s. Initially, this was merely motivated by the desire to find new markets made necessary by the expansion of capacity. Soon, however, the acquisition of technical know-how and of knowledge of export-pricing practices became equally important. The most important export items are postage stamps, cheques and bonds. Exports have usually accounted for less than 10 per cent of the value of output, and this is felt to be an area where there is potential for further growth.

	1984		1985				
	April 30	Dec. 31	April 4	April 15	April 23	April 30	
Assets							
Gold and foreign currency claims	14 852	19 302	21 571	21 561	21 393	21 434	
Gold	1 383	1 732	1 732	1 732	1 732	1 732	
Special drawing rights	695	936	959	952	942	961	
IMF reserve tranche	741	859	857	851	842	872	
Convertible currencies	11 006	15 387	17 807	17 809	17 661	17 667	
Tied currencies	1 027	388	216	217	216	202	
Other foreign claims	4 480	2 835	2 835	2 835	2 835	2 822	
Markka subscription to Finland's IMF quota	2 762	2 835	2 835	2 835	2 835	2 822	
Term credits	1 718	—	—	—	—	—	
Claims on financial institutions	4 683	9 166	8 625	9 130	8 282	8 027	
Banks' cheque accounts	241	530	9	158	78	71	
Call money market advances	1 573	5 018	5 380	5 577	4 790	4 558	
Till-money credits	1 123	1 563	1 274	1 427	1 454	1 435	
Bonds	1 673	1 999	1 908	1 906	1 899	1 899	
Other claims on financial institutions	73	56	54	62	61	64	
Claims on the public sector	2 175	1 951	1 801	1 802	1 805	1 808	
Government promissory notes	1 000	1 000	790	790	790	790	
Bonds	420	124	147	146	146	149	
Total coinage	737	806	848	850	853	856	
Other claims on the public sector	18	21	16	16	16	13	
Claims on corporations	4 862	4 846	4 895	4 881	4 884	4 858	
Financing of exports	1 823	1 786	1 746	1 728	1 743	1 724	
Financing of domestic deliveries	2 777	2 860	2 966	2 972	2 967	2 960	
Bonds	137	114	100	98	92	92	
Other claims on corporations	125	86	83	83	82	82	
Other assets	109	142	142	143	143	144	
	Total	31 161	38 242	39 869	40 352	39 342	39 093
Liabilities							
Foreign currency liabilities	45	809	705	349	309	551	
Convertible accounts	45	84	63	24	21	28	
Tied currencies	0	725	642	325	288	523	
Other foreign liabilities	3 622	3 752	3 750	3 743	3 733	3 739	
IMF markka accounts	2 762	2 835	2 835	2 835	2 835	2 822	
Allocations of special drawing rights	860	917	915	908	898	917	
Notes and coin in circulation	6 602	7 442	7 152	7 023	6 952	7 173	
Notes	6 044	6 744	6 444	6 316	6 248	6 464	
Coin	558	698	708	707	704	709	
Liabilities to financial institutions	11 169	11 879	15 457	15 434	14 497	15 536	
Banks' cheque accounts	50	147	36	21	14	42	
Call money market deposits	4 836	2 216	5 151	5 173	4 247	5 199	
Cash reserve deposits	6 142	8 696	9 452	9 452	9 452	9 502	
Capital import deposits	98	745	724	707	702	713	
Other liabilities to financial institutions	43	75	94	81	82	80	
Liabilities to the public sector	617	4 277	2 299	3 499	3 499	1 510	
Cheque accounts	0	1	0	0	0	0	
Government deposit account	600	4 200	2 200	3 400	3 400	1 000	
Export deposits	5	76	99	99	99	99	
Capital import deposits	—	—	—	—	—	411	
Other liabilities to the public sector	12	0	0	0	0	0	
Liabilities to corporations	2 482	2 814	3 285	3 274	3 357	3 417	
Deposits for investment and ship purchase	1 288	2 127	2 370	2 373	2 448	2 523	
Capital import deposits	1 186	668	912	899	906	891	
Other liabilities to corporations	8	19	3	2	3	3	
Other liabilities	15	16	19	15	15	15	
Valuation account and reserves	1 677	963	886	698	662	832	
SITRA's capital	—	400	400	400	400	400	
Capital accounts	4 932	5 890	5 916	5 917	5 918	5 920	
Primary capital	3 000	5 000	5 000	5 000	5 000	5 000	
Reserve fund	1 638	638	764	764	764	764	
Undisposed profits	273	—	126	126	126	126	
Net earnings	21	252	26	27	28	30	
	Total	31 161	38 242	39 869	40 352	39 342	39 093

End of year or month	Foreign sector						Public sector			
	Gold, SDRs, IMF reserve tranche	Convertible currencies, net	Total convertible reserves (1+2)	Tied currencies, net	Other claims, net	Net claims (3 to 5)	Claims	Certificates of deposit and deposit account	Other liabilities	Net liabilities (8-7+9)
	1	2	3	4	5	6	7	8	9	10
1981	2 408	5 050	7 458	1 909	-991	8 376	1 236	1 600	578	942
1982	2 444	6 561	9 005	1 525	-1 447	9 083	1 040	1 700	50	710
1983	2 360	5 835	8 195	550	-794	7 951	2 178	3 000	0	822
1984	3 527	15 303	18 830	-337	-917	17 576	1 951	4 200	77	2 326
1984										
April	2 819	10 961	13 780	1 027	858	15 665	2 175	600	17	-1 558
May	2 912	11 213	14 125	1 074	515	15 714	2 137	800	22	-1 315
June	2 927	13 829	16 756	170	510	17 436	2 103	1 000	26	-1 077
July	2 970	13 890	16 860	224	-184	16 900	2 109	1 800	20	-289
Aug.	2 975	14 947	17 922	-375	-181	17 366	2 080	1 200	30	-850
Sept.	3 009	13 991	17 000	-836	-910	15 254	2 039	1 500	38	-501
Oct.	3 019	15 013	18 032	-1 025	-915	16 092	1 998	1 500	52	-446
Nov.	3 095	16 237	19 332	-1 342	-905	17 085	2 000	2 200	65	265
Dec.	3 527	15 303	18 830	-337	-917	17 576	1 951	4 200	77	2 326
1985										
Jan.	3 542	17 438	20 980	-34	-924	20 022	1 952	1 200	85	-667
Feb.	3 631	18 254	21 885	-368	-965	20 552	1 958	2 800	93	935
March	3 540	17 366	20 906	-502	-910	19 494	2 021	1 400	100	-521
April	3 565	17 639	21 204	-321	-917	19 966	1 808	1 000	510	-298

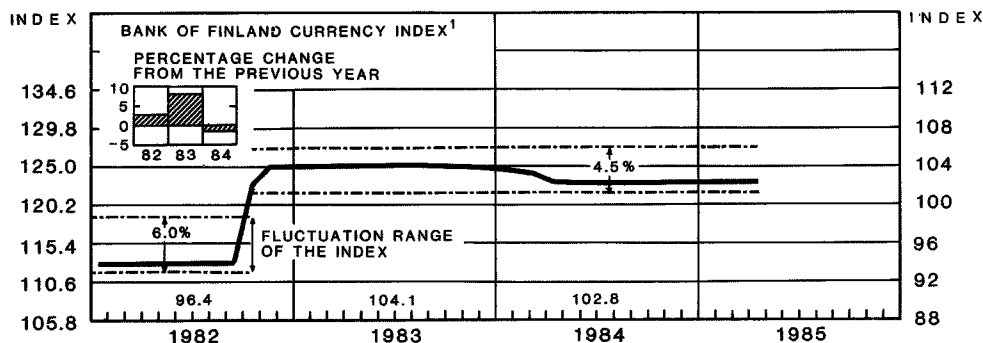
OFFICIAL FOREIGN EXCHANGE RESERVES

Mill. FIM

	Dec. 31, 1984	Jan. 31, 1985	Feb. 28, 1985	March 30, 1985	April 30, 1985
Gold	1 732	1 732	1 732	1 732	1 732
SDRs	936	944	995	955	961
IMF reserve tranche	859	866	904	853	872
Convertible currencies, net	15 303	17 438	18 254	17 366	17 639
Total convertible reserves, net	18 830	20 980	21 885	20 906	21 204
Tied currencies, net	-337	-34	-368	-502	-321
Total reserves, net	18 493	20 946	21 517	20 404	20 883

End of year or month	Domestic financial sector							Corporate sector			
	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)	Notes and coin in circulation
	1	2	3	4	5	6	7	8	9	10	11
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
1984	1 563	383	5 018	2 216	8 696	-1 235	-2 713	4 646	2 614	2 032	7 442
1984											
April	1 123	191	1 573	4 836	6 142	-1 605	-6 486	4 600	2 220	2 380	6 602
May	1 119	-136	1 244	3 892	6 432	-1 999	-6 098	4 572	2 142	2 430	6 647
June	1 119	15	541	3 872	6 480	-2 006	-6 671	4 571	2 641	1 930	6 954
July	1 279	14	1 041	3 063	6 604	-2 037	-5 296	4 487	2 771	1 716	6 813
Aug.	1 108	5	1 149	4 109	6 670	-2 033	-6 484	4 435	2 753	1 682	6 776
Sept.	1 145	27	2 109	2 281	6 734	-2 081	-3 653	4 545	2 834	1 711	6 869
Oct.	1 276	68	3 045	3 658	7 385	-1 816	-4 838	4 710	2 684	2 026	6 698
Nov.	1 170	22	4 819	4 153	8 029	-1 263	-4 908	4 735	2 602	2 133	6 897
Dec.	1 563	383	5 018	2 216	8 696	-1 235	-2 713	4 646	2 614	2 032	7 442
1985											
Jan.	1 382	110	2 868	5 738	8 799	-1 245	-8 932	4 765	2 632	2 133	6 881
Feb.	1 364	26	4 816	5 184	9 241	-1 197	-7 022	4 729	2 921	1 808	6 929
March	1 273	1	4 599	5 335	9 452	-1 173	-7 741	4 751	3 085	1 666	6 972
April	1 435	29	4 558	5 199	9 502	-1 170	-7 509	4 684	3 243	1 441	7 173

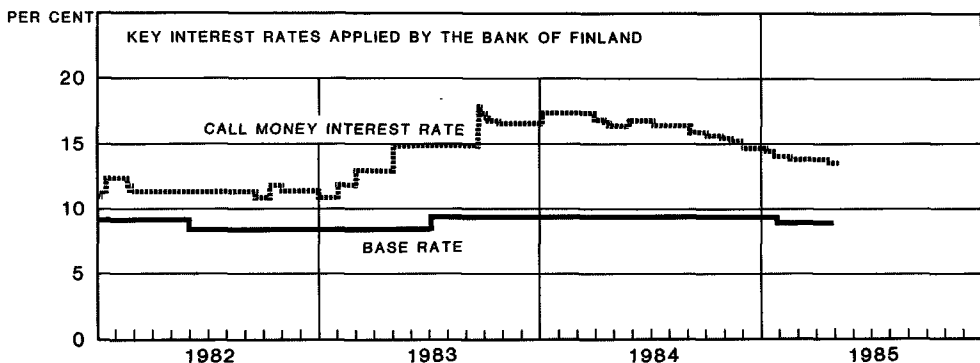
¹ The left-hand scale depicts movements in the external value of the markka under the index in use until December 31, 1983 (1974 = 100), and the right-hand scale movements in the external value of the markka under the revised index introduced on January 1, 1984 (1982 = 100).



MONETARY POLICY INDICATORS

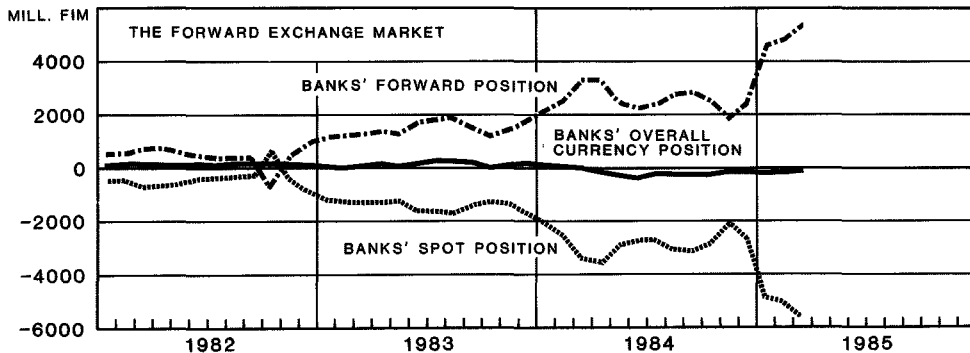
Average for period	Gross central bank debt of the deposit banks mill. FIM	Net central bank debt of the deposit banks mill. FIM	Cash reserve deposits of the deposit banks mill. FIM	Cash reserve requirement %	Call money credit extended by the Bank of Finland	Call money interest rate %	Average cost of gross central bank debt %	Base rate %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9
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	15.13	9.00	9.56
1984	3 176	-6 365	6 325	5.4	-39	16.53	16.53	9.50	10.49
1984									
Feb.	5 327	-2 921	5 242	4.7	2 323	17.50	17.50	9.50	10.36
March	3 460	-4 482	5 351	5.0	869	17.50	17.50	9.50	10.40
April	2 051	-7 207	5 721	5.4	-1 487	16.77	16.82	9.50	10.44
May	1 471	-8 557	6 149	5.6	-2 407	16.53	16.52	9.50	10.45
June	1 175	-9 062	6 429	5.6	-2 633	16.80	16.80	9.50	10.50
July	1 463	-7 680	6 481	5.6	-1 199	16.53	16.51	9.50	10.50
Aug.	1 462	-8 136	6 598	5.6	-1 538	16.50	16.50	9.50	10.51
Sept.	2 127	-8 186	6 672	5.6	-1 515	16.10	16.04	9.50	10.56
Oct.	2 948	-6 801	6 755	5.6	-46	15.75	15.76	9.50	10.55
Nov.	4 181	-6 888	7 410	5.6	522	15.48	15.48	9.50	10.63
Dec.	5 650	-5 999	8 051	5.6	2 052	15.07	15.07	9.50	10.68
1985									
Jan.	4 713	-7 902	8 700	5.6	798	14.57	14.61	9.50	10.69
Feb.	4 414	-9 319	8 815	5.6	-504	14.18	14.18	9.00	10.30
March	5 727	-8 143	9 261	5.6	1 119	14.00	14.00	9.00	10.36
April	5 483	-8 901	9 453	5.6	552	13.96	13.96	9.00	..

¹ End of period.



FORWARD EXCHANGE MARKETS IN FINLAND

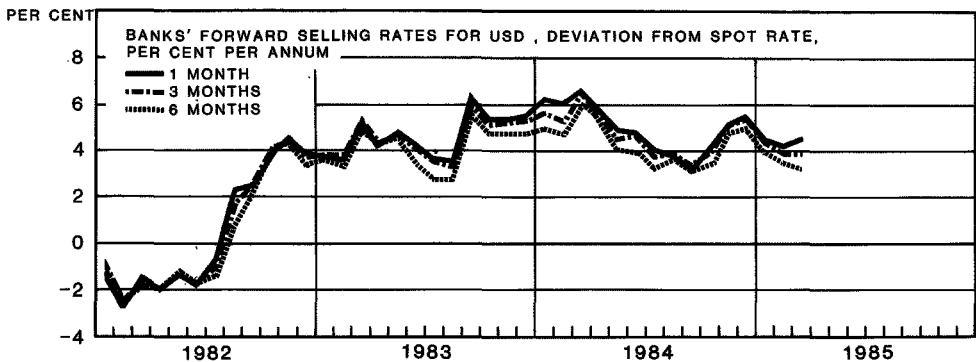
Period	Banks' forward positions in mill. FIM with						Banks' forward selling rates for USD		
	Domestic firms			Foreign banks	Bank of Finland	Overall	Deviation from spot rate, per cent per annum		
	Assets	Liabilities	Net	Net	Net	Net	1 month	3 months	6 months
	1	2	3	4	5	6	7	8	9
1983	7 541	1 227	6 314	-1 688	-2 290	2 373	5.6	5.3	4.8
1984	22 921	1 394	21 527	2 002	-19 962	3 746	5.6	5.5	5.1
1983									
Nov.	7 488	1 912	5 576	-1 411	-2 438	1 687	5.4	5.3	4.8
Dec.	7 541	1 227	6 314	-1 688	-2 290	2 373	5.6	5.3	4.8
1984									
Jan.	7 292	1 661	5 631	-2 026	-1 235	2 304	6.3	5.3	5.1
Feb.	8 290	1 681	6 609	-1 871	-1 887	2 717	6.1	5.3	4.8
March	10 052	1 611	8 441	-1 676	-3 560	3 173	6.7	6.6	6.2
April	11 249	1 326	9 923	-841	-5 109	3 846	5.8	5.7	5.5
May	13 528	1 156	12 372	178	-10 041	2 529	4.9	4.5	4.1
June	15 547	1 145	14 402	1 389	-12 667	3 083	4.8	4.7	4.0
July	15 956	1 306	14 650	1 541	-13 011	3 240	4.1	3.9	3.3
Aug.	20 049	1 354	18 695	2 557	-17 217	4 089	3.8	4.0	3.7
Sept.	20 548	1 679	18 869	2 406	-18 362	3 056	3.2	3.4	3.2
Oct.	22 267	1 741	20 526	1 914	-19 419	3 138	4.2	4.0	3.5
Nov.	22 383	1 786	20 597	1 790	-20 139	2 460	5.2	5.2	4.9
Dec.	22 921	1 394	21 527	2 002	-19 962	3 746	5.6	5.5	5.1
1985									
Jan.	23 207	1 450	21 757	2 949	-19 394	5 420	4.5	4.4	4.1
Feb.	22 602	1 592	21 010	2 971	-18 333	5 186	4.3	4.0	3.6
March	23 343	2 246	21 097	1 048	-16 848	5 575	4.6	4.0	3.3



FOREIGN EXCHANGE RATES

Average selling rates for foreign exchange, FIM

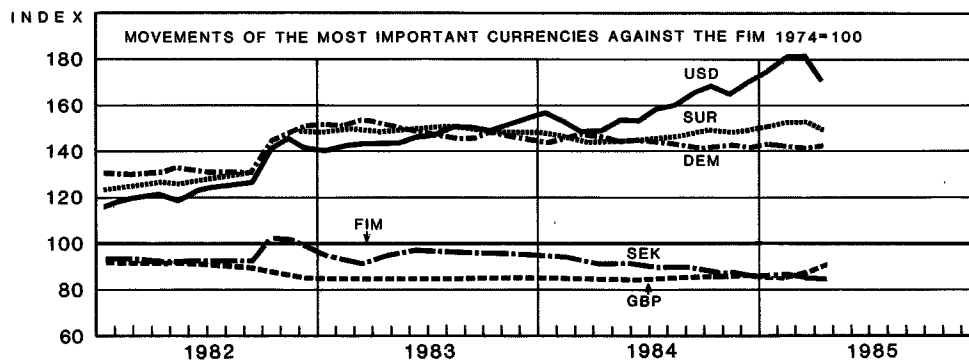
Period	New York 1 US \$ USD	Montreal 1 C \$ CAD	London 1 £ GBP	Dublin 1 Ir£ IEP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Amsterdam 100 Hfl NLG	Brussels 100 FB BEC BEL	
	1	2	3	4	5	6	7	8	9	10	11
1980	3.730	3.194	8.691	7.689	88.43	75.81	66.53	205.58	188.02	12.818	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
1984	6.010	4.645	8.023	6.533	72.77	73.84	58.16	211.65	187.72	10.428	10.274
1984											
March	5.618	4.432	8.201	6.645	72.79	75.04	59.16	216.76	192.02	10.596	10.260
April	5.650	4.422	8.054	6.569	72.27	74.54	58.32	214.29	189.99	10.491	10.209
May	5.821	4.502	8.100	6.518	72.15	74.64	57.91	211.99	188.39	10.422	10.267
June	5.822	4.472	8.038	6.528	72.05	74.66	58.10	213.19	189.12	10.462	10.324
July	6.019	4.550	7.962	6.501	72.64	73.48	57.92	211.78	187.65	10.454	10.355
Aug.	6.072	4.661	7.987	6.502	72.78	73.27	57.78	210.61	186.72	10.433	10.336
Sept.	6.278	4.787	7.919	6.451	73.36	73.05	57.40	208.01	184.46	10.320	10.236
Oct.	6.378	4.842	7.793	6.455	73.57	72.06	57.61	208.14	184.61	10.294	10.206
Nov.	6.261	4.762	7.792	6.507	73.13	72.08	58.07	209.79	186.02	10.400	10.346
Dec.	6.458	4.896	7.686	6.512	73.07	72.10	58.16	208.46	184.72	10.379	10.341
1985											
Jan.	6.640	5.023	7.510	6.548	73.38	72.53	58.75	209.90	185.81	10.489	10.455
Feb.	6.853	5.078	7.525	6.496	73.69	72.64	58.28	208.47	184.09	10.385	10.342
March	6.861	4.962	7.688	6.486	72.97	72.56	58.11	207.80	183.82	10.341	10.286
April	6.445	4.732	8.028	6.562	72.05	72.52	58.32	209.55	185.32	10.405	10.354



Average selling rates for foreign exchange, FIM

Zurich 100 Sfr CHF	Paris 100 FF FRF	Rome 100 Lit ITL	Vienna 100 OS ATS	Lisbon 100 Esc PTE	Reykjavik 100 lkr ISK	Madrid 100 Ptas ESB	Tokyo 100 Y JPY	Moscow 1 Cl Rbl SUR	1 special drawing right SDR	Currency index ¹
12	13	14	15	16	17	18	19	20	21	22
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
256.42	69.07	0.344	30.13	4.14	19.39	3.75	2.534	7.357	6.147 39	102.8
262.10	70.46	0.350	30.80	4.32	19.63	3.77	2.498	7.252	5.969 10	103.3
258.71	69.79	0.347	30.48	4.25	19.66	3.78	2.515	7.239	5.965 91	102.5
257.05	69.14	0.345	30.18	4.21	19.94	3.80	2.528	7.252	6.050 38	102.5
255.83	69.50	0.346	30.39	4.16	19.87	3.78	2.501	7.257	6.044 21	102.5
250.57	69.13	0.346	30.20	4.08	20.17	3.75	2.484	7.296	6.131 93	102.5
251.43	68.75	0.343	30.01	4.08	19.78	3.71	2.511	7.340	6.162 64	102.5
251.64	67.93	0.338	29.64	4.03	19.44	3.71	2.565	7.435	6.272 79	102.5
253.02	68.01	0.337	29.66	3.97	19.35	3.72	2.588	7.486	6.323 99	102.5
254.59	68.52	0.339	29.87	3.91	17.78	3.75	2.578	7.447	6.268 66	102.5
252.66	68.18	0.340	29.71	3.92	16.38	3.77	2.609	7.516	6.366 57	102.5
250.36	68.70	0.343	29.92	3.90	16.54	3.81	2.619	7.582	6.470 31	102.5
245.43	68.34	0.339	29.70	3.83	16.72	3.79	2.636	7.652	6.582 22	102.5
244.48	68.14	0.331	29.61	3.81	16.62	3.76	2.660	7.654	6.601 66	102.5
249.89	68.78	0.329	29.85	3.77	16.02	3.76	2.568	7.487	6.380 70	102.5

¹ Until December 31, 1983 the base year was 1974=100.
Since January 1, 1984 the base year has been 1982=100.



DEPOSITS BY THE PUBLIC

Mill. FIM

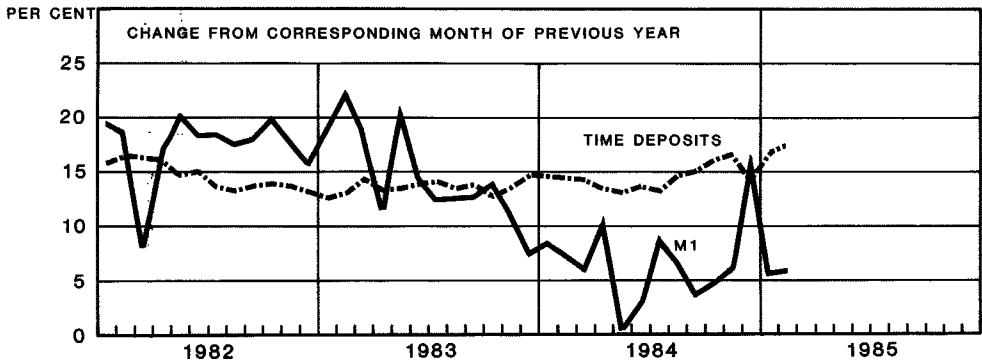
End of year and month	Demand deposits				Time deposits					Total (4 + 9)
	Commercial banks	Savings banks & Co-op. banks	Posti-pankki	All deposit banks (1 to 3)	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	All deposit banks (5 to 8)	
	1	2	3	4	5	6	7	8	9	
1981	5 791	2 879	2 952	11 622	26 094	22 937	18 598	7 448	75 077	86 699
1982	7 155	3 874	3 049	14 078	29 465	25 883	21 040	8 666	85 054	99 132
1983	7 057	4 567	3 676	15 300	34 302	29 273	24 175	9 938	97 688	112 988
1984*	8 470	5 268	4 468	18 206	39 354	33 333	27 012	11 261	110 960	129 166

1984*

Jan.	7 438	4 163	4 442	16 043	33 658	29 724	24 641	10 241	98 264	114 307
Feb.	7 325	3 975	4 055	15 355	34 365	30 235	25 190	10 333	100 123	115 478
March	6 469	4 040	3 974	14 483	34 812	30 236	25 203	10 471	100 722	115 205
April	7 094	4 084	4 173	15 351	34 760	30 411	25 252	10 403	100 826	116 177
May	6 978	4 216	3 960	15 154	34 485	30 801	25 653	10 552	101 491	116 645
June	6 843	4 291	4 231	15 365	35 435	31 442	26 232	10 364	103 473	118 838
July	7 091	4 458	4 638	16 187	35 505	31 608	26 315	10 524	103 952	120 139
Aug.	6 910	4 454	4 708	16 072	36 139	31 989	26 598	10 672	105 398	121 470
Sept.	6 489	4 400	4 826	15 715	36 626	32 140	26 882	10 593	106 241	121 956
Oct.	7 423	4 522	4 621	16 566	37 457	32 255	26 919	10 710	107 341	123 907
Nov.	7 532	4 315	3 876	15 723	38 240	32 459	27 192	10 815	108 706	124 429
Dec.	8 470	5 268	4 468	18 206	39 354	33 333	27 012	11 261	110 960	129 166

1985*

Jan.	7 742	4 442	4 772	16 956	40 371	34 040	28 637	11 747	114 795	131 751
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ADVANCES TO THE PUBLIC – MONEY SUPPLY

Mill. FIM

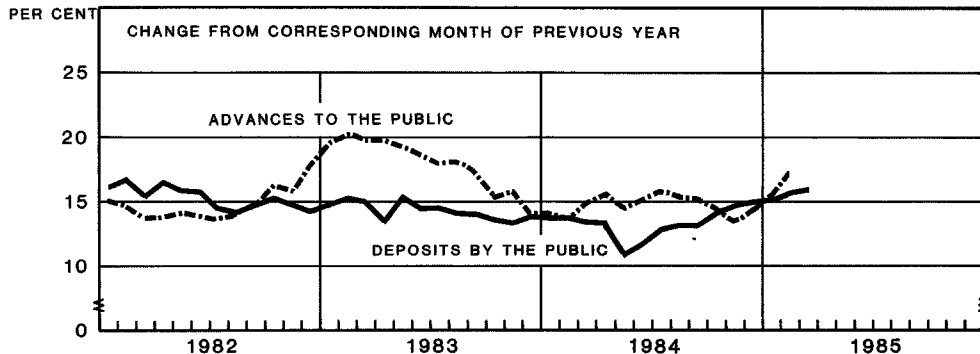
End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M ₁	M ₁ + Quasi-Money
	1	2	3	4	5	6	7		8	9
1981	40 462	22 009	20 059	11 135	80 817	2 877	9 971	93 665	17 186	94 577
1982	48 620	25 682	23 601	12 684	93 014	3 468	14 105	110 587	19 917	107 549
1983	56 162	29 276	27 322	13 471	104 627	4 350	17 254	126 231	21 427	121 905
1984*	65 965	32 705	31 164	14 686	118 924	5 233	20 363	144 520	24 945	141 658

1984*

Jan.	57 343	29 569	27 515	14 193	105 759	5 004	17 857	128 620	22 098	123 176
Feb.	58 398	29 762	27 706	14 017	106 328	4 989	18 566	129 883	21 334	124 666
March	59 625	29 961	27 990	14 011	106 930	5 142	19 515	131 587	20 606	125 049
April	61 338	30 142	28 191	14 317	107 812	5 466	20 710	133 988	21 464	126 269
May	60 965	30 522	28 535	14 362	109 106	5 140	20 138	134 384	21 486	126 686
June	62 468	30 718	28 825	14 344	110 255	5 208	20 892	136 355	22 026	129 549
July	62 941	31 049	29 134	14 466	111 229	5 365	20 996	137 590	22 495	130 602
Aug.	63 398	31 479	29 648	14 406	112 850	5 345	20 736	138 931	22 460	132 019
Sept.	64 225	31 820	30 077	14 562	114 602	5 401	20 681	140 684	22 238	132 660
Oct.	64 242	32 223	30 465	14 536	116 239	5 398	19 829	141 466	22 832	134 162
Nov.	64 911	32 478	30 810	14 687	117 443	5 697	19 746	142 886	22 426	135 800
Dec.	65 965	32 705	31 164	14 686	118 924	5 233	20 363	144 520	24 945	141 658

1985*

Jan.	68 756	33 087	31 445	15 369	120 263	6 014	22 380	148 657	23 357	143 069
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STATE FINANCES

Mill. FIM

Revenue	Jan.-Nov.		Expenditure	Jan.-Nov.	
	1983	1984		1983	1984
Income and wealth tax (net)	19 127	21 207	Wages, salaries, pensions etc.	10 935	12 070
Gross receipts	45 237	52 641	Repair and maintenance	1 383	1 501
Refunds & local authorities	-26 110	-31 434	Other consumption expenditure	6 646	6 621
Other taxes on income and wealth	439	566	Total consumption expenditure	18 964	20 192
Employers' child allowance payments	1	223	State aid to local authorities	14 126	16 728
Sales tax	15 861	19 736	State aid to industries	7 350	8 483
Customs duties and import charges and levies	1 419	1 568	of which: agric. price subsidies	3 601	3 934
Excise duties	9 404	9 968	Child allowances	2 228	2 340
Excise duty on alcoholic bevs.	3 420	3 669	Share in national pensions and sickness insurance schemes	2 272	2 138
Excise duty on tobacco	1 437	1 479	Deficit of State enterprises	1 155	1 105
Excise duty on liquid fuel	3 300	3 495	Other transfer expenditure	8 771	9 928
Other excise duties	1 247	1 325	Total transfer expenditure	35 902	40 722
Tax on autom. and motor-cycles	2 054	2 407	Machinery and equipment	1 556	1 643
Stamp duties	1 546	2 059	Construction of buildings	1 014	1 163
Special diesel etc. vehicles tax	240	317	Land and waterway construction	2 196	2 117
Other taxes and similar revenue	1 607	1 900	Total real investment	4 766	4 923
Total taxes	51 698	59 951	Interest on State debt	2 931	3 654
Miscellaneous revenue	4 151	4 909	Other expenditure	10	18
Interest, dividends etc.	1 669	1 499	Total other expenditure	2 941	3 672
Surplus of state enterprises	1 641	1 808	Increase in inventories	828	-50
Redemptions of loans granted	1 561	1 377	Lending	3 997	3 766
Total revenue	60 720	69 544	Other financial investment	596	639
Foreign borrowing	4 073	4 633	Total expenditure	67 994	73 864
Domestic borrowing	5 630	5 297	Redemption of foreign loans	2 166	1 841
Total borrowing	9 703	9 930	Redemption of domestic loans	1 552	3 609
Deficit (+) or surplus (-)	1 289	-160	Total redemptions	3 718	5 450
Total	71 712	79 314	Total	71 712	79 314

State debt	1982	1983	1984			
	Dec.	Dec.	Sept.	Oct.	Nov.	Dec.
Foreign debt	18 807	21 723	24 328	24 609	24 934	24 946
Long-term debt	11 378	16 383	17 867	18 033	18 296	19 057
Short-term credit	63	18	78	118	115	266
Domestic debt	11 441	16 401	17 945	18 151	18 411	19 323
Total State debt	30 248	38 124	42 273	42 760	43 345	44 269
Total debt mill. \$	5 651	6 506	6 734	6 704	6 923	6 855

FOREIGN TRADE

Mill. FIM

Period	Value, mill. FIM		
	Exports f.o.b	Imports c.i.f.	Surplus of exports (+) or imports (-)
	1	2	
1980	52 795	58 250	-5 455
1981	60 308	61 269	-961
1982	63 026	64 751	-1 725
1983	69 692	71 528	-1 836
1984	80 904	74 682	+6 222

1984

June	6 361	6 366	-5
July	6 432	7 192	-760
Aug.	6 065	6 128	-63
Sept.	6 954	5 904	+1 050
Oct.	7 735	6 756	+979
Nov.	7 286	6 380	+906
Dec.	6 884	6 622	+262

1985*

Jan.	6 907	7 106	-199
Feb.	6 588	4 785	+1 803

Jan.-Feb.

1984	13 105	11 033	+2 072
1985*	13 495	11 891	+1 604

Period	Indices of exports and imports 1980 = 100				
	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1980	100	100	100	100	100
1981	103	94	111	112	99
1982	100	95	119	117	101
1983	104	98	127	125	101
1984	114	98	134	131	102

1982

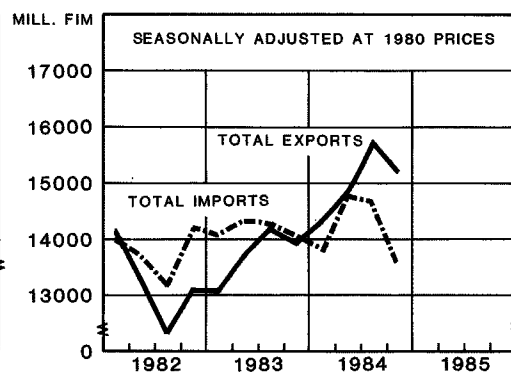
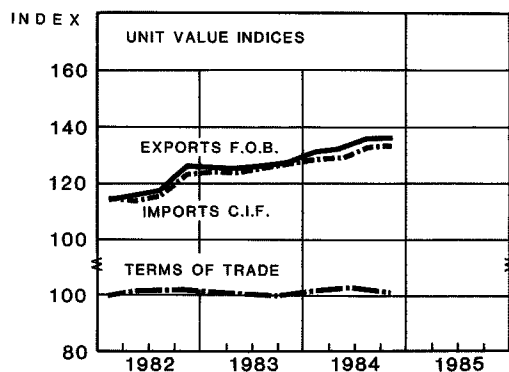
Oct.-Dec.	107	107	127	125	101
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1983

Jan.-March	101	90	126	125	101
Apr.-June	103	95	126	124	101
July-Sept.	97	97	127	127	100
Oct.-Dec.	115	108	128	128	100

1984

Jan.-March	114	90	132	129	102
Apr.-June	113	99	133	130	102
July-Sept.	108	99	137	133	103
Oct.-Dec.	121	101	137	134	102



FOREIGN TRADE BY MAIN GROUPS

Mill. FIM

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and intermediate goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1	2	3	4	5	6	7	8	9	10	
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
1983	1 723	6 944	19 327	20 211	21 487	44 757	5 006	10 860	10 572	333
1984	2 865	7 145	23 573	22 998	24 323	47 028	5 034	10 993	11 454	173

1984

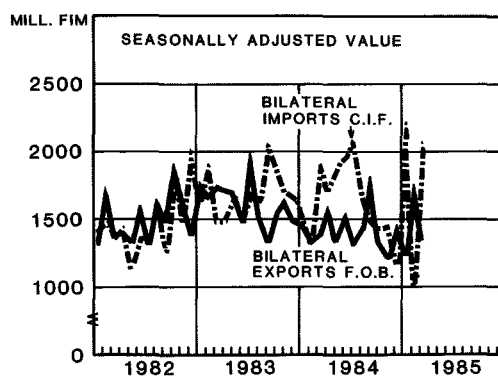
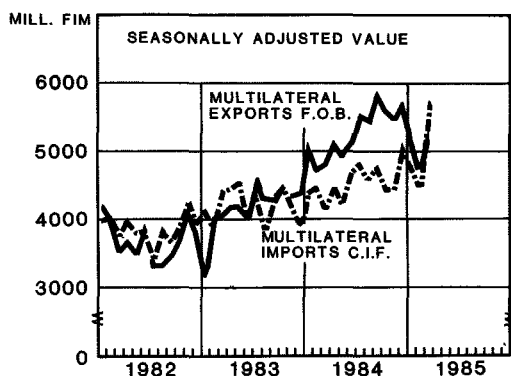
June	250	641	1 767	1 668	2 035	4 216	531	850	767	2
July	332	554	1 765	2 014	1 767	4 880	565	852	878	17
Aug.	173	560	2 292	1 238	1 802	3 894	473	832	916	13
Sept.	144	661	2 029	2 003	2 117	3 666	480	783	972	3
Oct.	180	674	2 209	2 662	2 010	4 175	538	958	1 075	10
Nov.	151	584	2 165	2 349	2 037	3 946	483	958	982	11
Dec.	229	604	2 020	1 531	2 500	4 319	227	1 059	1 006	11

1985*

Jan.	281	622	2 051	1 835	2 118	4 740	273	875	1 037	181
Feb.	393	483	1 992	1 860	1 860	2 737	219	788	1 025	16

Jan.—Feb.

1984	554	1 040	3 329	4 188	3 994	6 276	746	1 997	1 937	77
1985*	674	1 105	4 043	3 695	3 978	7 477	492	1 663	2 062	197



FOREIGN TRADE BY COUNTRIES

Mill. FIM

Area and country	Exports, f.o.b.				Imports, c.i.f.			
	January–February				January–February			
	1984*		1985*		1984*		1985*	
	%	Mill. FIM	%	Mill. FIM	%	Mill. FIM	%	Mill. FIM
OECD countries in Europe	56.8	7 448	55.2	7 450	61.0	6 729	58.5	6 955
Austria	0.7	89	0.7	89	1.2	135	1.1	135
Belgium and Luxembourg	1.3	168	1.6	213	2.2	245	2.1	250
Denmark	4.4	577	4.0	534	2.5	281	2.3	279
France	4.3	560	4.7	637	3.6	391	3.6	424
Federal Republic of Germany	10.1	1 325	9.0	1 208	15.4	1 704	14.7	1 751
Italy	2.0	272	2.1	286	3.5	386	3.4	402
Netherlands	3.5	455	3.0	405	2.9	323	2.7	320
Norway	5.2	679	3.3	447	2.4	268	4.6	542
Portugal	0.2	24	0.3	36	0.8	90	0.8	92
Spain	0.5	67	0.7	93	0.9	98	1.0	117
Sweden	12.5	1 636	12.3	1 664	15.5	1 706	12.4	1 478
Switzerland	1.3	168	1.4	197	1.9	205	1.6	194
United Kingdom	9.6	1 260	10.7	1 447	7.5	825	7.4	876
Other	1.2	168	1.4	194	0.7	72	0.8	95
OECD countries outside Europe	13.2	1 727	12.2	1 641	12.6	1 389	12.2	1 452
Canada	0.7	89	1.6	217	0.7	78	0.7	91
Japan	1.2	157	2.1	284	6.2	686	5.9	697
United States	10.4	1 359	7.1	951	5.3	588	5.4	638
Other	0.9	122	1.4	189	0.4	37	0.2	26
CMEA countries	20.9	2 745	21.7	2 924	19.9	2 192	21.3	2 533
Czechoslovakia	0.5	64	0.4	52	0.5	56	0.4	52
German Democratic Republic	0.5	68	0.7	95	0.6	64	0.5	55
Poland	0.3	40	0.7	88	1.0	110	1.7	204
Soviet Union	19.1	2 505	19.2	2 597	17.2	1 897	17.9	2 134
Other	0.5	68	0.7	92	0.6	65	0.8	88
Latin America	0.9	116	1.1	150	2.6	286	2.2	267
Argentina	0.0	6	0.1	10	0.1	9	0.1	13
Brazil	0.2	23	0.1	16	1.1	124	1.0	117
Colombia	0.1	15	0.2	24	0.6	69	0.4	48
Other	0.6	72	0.7	100	0.8	84	0.7	89
Other	8.2	1 069	9.8	1 330	3.9	437	5.8	684
GRAND TOTAL	100.0	13 105	100.0	13 495	100.0	11 033	100.0	11 891
of which								
EFTA countries	19.9	2 610	18.3	2 465	22.0	2 426	20.7	2 462
EEC countries	36.3	4 755	36.1	4 872	38.0	4 199	36.7	4 369
OECD countries	70.0	9 175	67.4	9 091	73.6	8 118	70.7	8 407

BALANCE OF PAYMENTS

Period	Exports f.o.b.	Imports c.i.f.	Trade account (1-2)	Transport, net	Travel, net	Other services, net	Goods and services account (3 to 6)	Invest- ment income, net	Un- requited transfers, net	Other, net	Current account (7 to 10)
	1	2	3	4	5	6	7	8	9	10	11
1981	60 243	61 703	-1 460	+3 088	+405	+1 049	+3 082	-4 423	-498	+107	-1 732
1982	62 867	65 147	-2 280	+2 856	-277	+1 732	+2 031	-5 447	-643	+161	-3 898
1983*	69 593	72 107	-2 514	+3 298	-749	+1 172	+1 207	-5 811	-721	+25	-5 300
1984*	80 750	75 250	+5 500	+4 000	-1 200	-600	+7 700	-6 700	-900	-100	0

1982

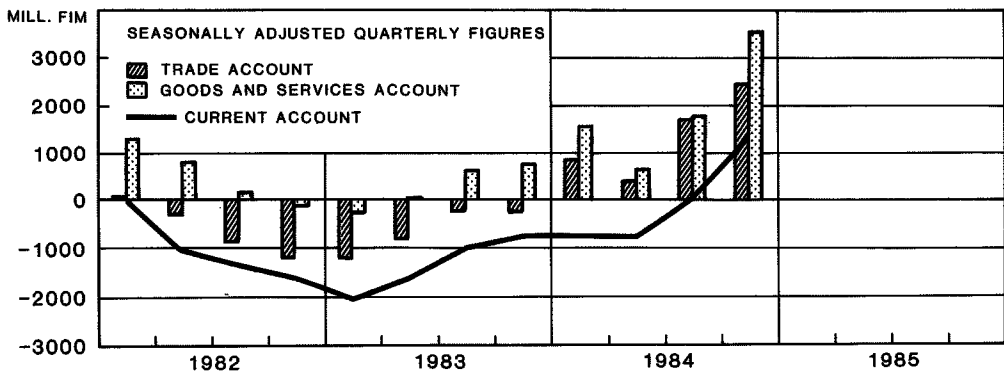
Jan.-March	16 078	14 858	+1 220	+699	-154	+484	+2 249	-1 078	-187	-6	+978
Apr.-June	15 577	15 376	+201	+700	-83	+451	+1 269	-1 682	-167	+50	-530
July-Sept.	13 308	15 419	-2 111	+789	+151	+478	-693	-1 359	-139	+75	-2 116
Oct.-Dec.	17 904	19 494	-1 590	+668	-191	+319	-794	-1 328	-150	+42	-2 230

1983*

Jan.-March	16 796	16 469	+327	+807	-291	+190	+1 033	-1 553	-217	-29	-766
Apr.-June	17 154	17 500	-346	+787	-229	+299	+511	-1 492	-149	+35	-1 095
July-Sept.	16 236	18 002	-1 766	+934	+44	+336	-452	-1 459	-147	+45	-2 013
Oct.-Dec.	19 407	20 136	-729	+770	-273	+347	+115	-1 307	-208	-26	-1 426

1984*

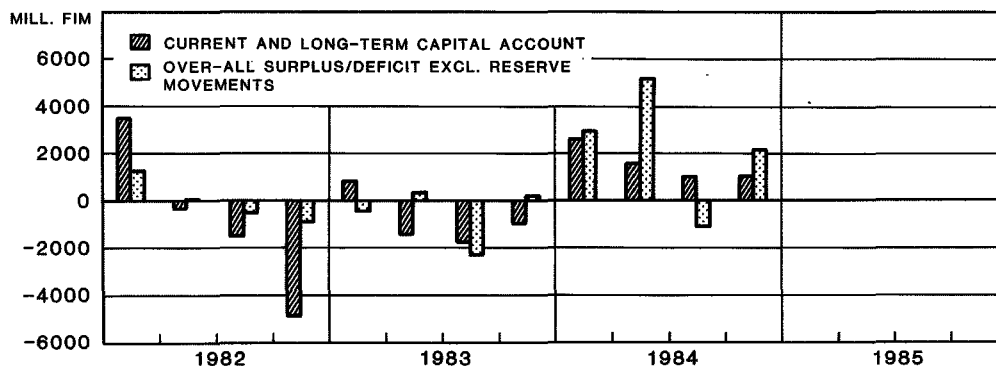
Jan.-March	19 730	17 056	+2 674	+899	-371	-148	+3 054	-2 046	-232	-56	+720
Apr.-June	19 732	18 905	+827	+954	-327	-319	+1 135	-1 244	-150	-1	-260
July-Sept.	19 410	19 401	+9	+1 032	-125	-305	+611	-1 541	-194	+4	-1 120
Oct.-Dec.	21 878	19 888	+1 990	+1 115	-377	+172	+2 900	-1 869	-324	-47	+660



Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net	Long-term capital account (12 to 15)	Current and long-term capital account (11 + 16)	Prepayments and liabilities related to imports	Prepayments and receivables related to exports	Short-term capital of authorized banks, net	Miscellaneous, short-term capital items, incl. errors and omissions	Over-all surplus deficit excl. reserve movements (17 to 21)	Bank of Finland foreign exchange reserves
12	13	14	15	16	17	18	19	20	21	22	23
+8 312	-4 643	-518	-826	+2 325	+593	-148	+723	-421	+1 056 ¹	+1 803	-1 803
+10 213	-4 721	-1 239	-3 642	+611	-3 287	-914	+771	+1 493	+1 811	-126	+126
+10 112	-7 273	+423	-1 367	+1 895	-3 405	+3 273	-3 422	+1 272	+120	-2 162	+2 162
+14 087	-7 538	-1 600	+1 428	+6 377	+6 377	+2 500	+1 498	+1 400	-2 500	+9 275	-9 275
+3 637	-806	-114	-165	+2 552	+3 530	-676	+762	-1 517	-787	+1 312	-1 312
+2 332	-1 555	-328	-301	+148	-382	+367	+581	-171	-350	+45	-45
+1 859	-883	-127	-246	+603	-1 513	-277	-143	-520	+1 909	-544	+544
+2 385	-1 477	-670	-2 930	-2 692	-4 922	-328	-429	+3 701	+1 039	-939	+939
+2 985	-1 271	+100	-182	+1 632	+866	-115	+647	-1 214	-666	-482	+482
+2 435	-2 895	+273	-204	-391	-1 486	+1 261	-353	+699	+276	+397	-397
+1 479	-1 269	+142	-128	+224	-1 789	+1 197	-1 671	-593	+543	-2 313	+2 313
+3 213	-1 838	-92	-853	+430	-996	+930	-2 045	+2 380	-33	+236	-236
+4 075	-1 887	-235	-46	+1 907	+2 627	-763	+485	+2 443	-1 806	+2 986	-2 986
+3 858	-2 351	+89	+275	+1 871	+1 611	+1 292	+94	+2 854	-629	+5 222	-5 222
+2 495	-1 185	-603	+1 475	+2 182	+1 062	+567	-425	-1 886	-458	-1 140	+1 140
+3 659	-2 115	-851	-276	+417	+1 077	+1 404	+1 344	-2 011	+393	+2 207	-2 207

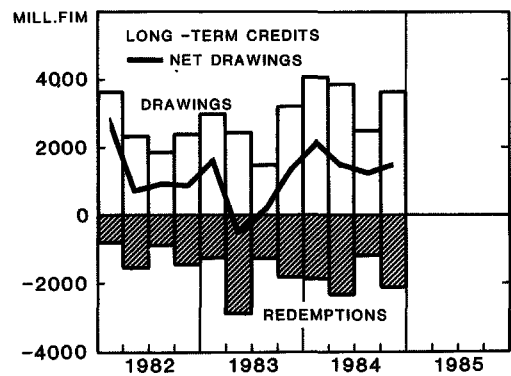
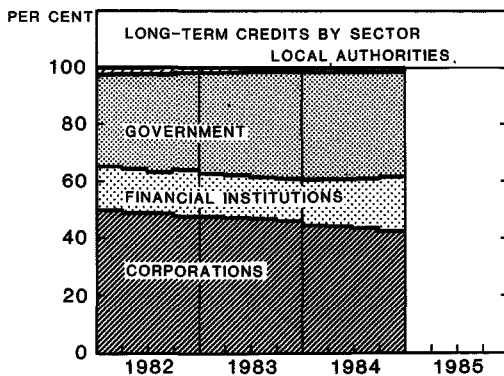
Assets: increase -, decrease +. Liabilities: increase +, decrease -

¹ Including allocations of special drawing rights: 133 million in 1980 and 131 million in 1981.

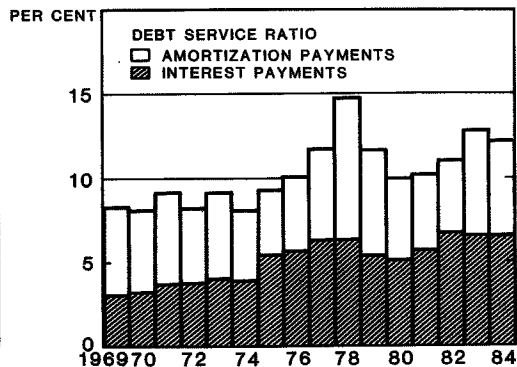
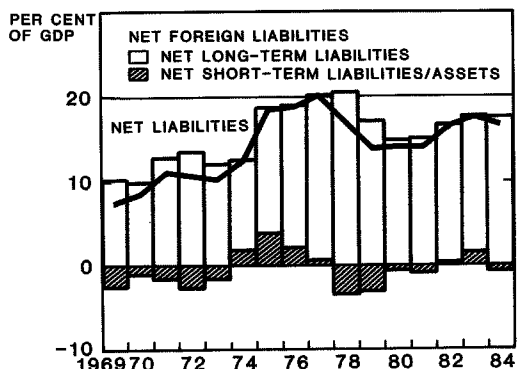


FINLAND'S FOREIGN ASSETS AND LIABILITIES

End of year and month	Long-term assets				Long-term liabilities						Net long-term liabilities (10-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Portfolio investment	Other	Total (5 to 9)	
	1	2	3	4	5	6	7	8	9	10	11
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
1983*	6 612	6 166	3 932	16 710	53 118	4 472	2 317	848	763	61 518	44 808
1984*	8 800	8 689	1 915	19 404	63 518	3 865	2 646	2 340	764	73 133	53 729
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
Dec.	6 612	6 166	3 932	16 710	53 118	4 472	2 317	848	763	61 518	44 808
1984*											
March	6 658	6 687	3 539	16 884	54 014	4 225	2 354	987	731	62 311	45 427
June	6 827	7 435	3 230	17 492	57 198	3 937	2 393	1 640	729	65 897	48 405
Sept.	7 767	7 834	1 839	17 440	60 497	3 951	2 410	1 957	834	69 649	52 209
Dec.	8 800	8 689	1 915	19 404	63 518	3 865	2 646	2 340	764	73 133	53 729



Short-term assets				Short-term liabilities				Net short-term liabilities (19-15)	Net liabilities (11+20)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (12 to 14)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (16 to 18)				
12	13	14	15	16	17	18	19	20	21	22	23
11 362	13 781	14 176	39 319	2 427	20 218	14 743	37 388	-1 931	31 207	7 994	3 494
12 737	22 899	13 858	49 494	5 348	31 331	13 782	50 461	967	41 047	9 069	3 464
11 842	29 263	15 915	57 020	5 705	39 443	16 138	61 286	4 266	49 074	11 585	5 621
22 914	43 817	14 887	81 618	4 562	55 046	19 830	79 438	-2 180	51 549	12 714	5 841
12 795	13 654	13 791	40 240	3 074	18 592	14 218	35 884	-4 356	31 917	1 757	600
12 846	14 641	13 536	41 023	3 077	19 349	15 048	37 474	-3 549	33 190	2 730	1 017
12 456	17 474	13 531	43 461	4 097	21 737	14 859	40 693	-2 768	34 871	2 040	662
12 737	22 899	13 858	49 494	5 348	31 331	13 782	50 461	967	41 047	2 542	1 185
12 365	22 166	14 580	49 111	4 637	29 530	15 105	49 272	161	42 384	2 531	942
12 905	23 008	14 878	50 791	4 705	31 137	16 546	52 388	1 597	43 686	3 788	2 243
10 556	23 605	15 681	49 842	4 737	31 289	16 779	52 805	2 963	45 597	2 538	1 049
11 842	29 263	15 915	57 020	5 705	39 443	16 138	61 286	4 266	49 074	2 728	1 387
14 740	25 724	16 098	56 562	3 657	37 966	15 740	57 363	801	46 228	3 559	1 452
20 705	31 929	15 803	68 437	3 775	47 083	17 288	68 146	-291	48 114	3 286	1 987
21 064	34 614	15 962	71 640	4 815	47 882	18 137	70 834	-806	51 403	2 381	821
22 914	43 817	14 887	81 618	4 562	55 046	19 830	79 438	-2 180	51 549	3 488	1 581



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1980 = 100						Building costs 1980 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
	1	2	3	4	5	6	7	8	9	10
1983	1 189	127.6	128.8	124.2	125.9	130.8	128.5	128.7	124.4	129.3
1984	1 261	134.5	135.9	130.0	132.6	137.5	135.8	136.6	133.7	136.1
1984										
Aug.	1 264	134.8	136.6	129.5	132.6	138.2	136.9	137.7	135.7	136.9
Sept.	1 277	135.9	137.5	131.1	134.1	138.9	137.2	137.8	135.9	137.1
Oct.	1 289	137.1	138.6	132.4	135.9	139.5	137.4	138.2	136.1	137.6
Nov.	1 291	137.4	139.2	131.7	136.1	139.9	137.8	138.8	136.3	138.2
Dec.	1 298	138.1	139.7	133.4	137.1	140.4	138.2	139.0	136.5	138.3
1985										
Jan.	1 308	139.2	140.5	135.1	137.8	142.7	138.5	140.0	137.8	139.1
Feb.	1 321	140.4	141.5	137.0	139.5	143.3	139.4	140.8	138.0	140.1
March	1 332	141.4	142.2	138.9	140.6	144.6	139.9	143.3	144.0	141.8

Period	Consumer prices 1981 = 100									
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent, heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1983	118.7	120.0	125.1	112.8	118.4	114.3	126.6	117.4	116.9	120.7
1984	127.1	129.1	132.5	119.4	124.5	123.0	145.2	125.4	126.4	130.8
1984										
Aug.	128.2	131.1	132.7	119.6	126.0	123.8	148.1	126.0	127.2	131.2
Sept.	129.0	132.6	132.7	121.1	126.3	124.5	148.1	126.4	128.1	132.3
Oct.	129.6	133.7	132.8	123.0	126.3	125.2	148.7	127.4	128.2	132.9
Nov.	129.7	133.4	133.0	123.4	126.3	125.9	149.4	127.1	128.6	133.3
Dec.	129.8	132.6	133.1	123.4	126.4	126.2	149.4	128.0	128.8	133.7
1985										
Jan.	131.2	133.7	139.6	119.4	126.9	126.6	153.6	129.2	130.3	137.7
Feb.	131.7	134.9	139.7	121.4	126.9	127.4	153.6	129.7	130.2	137.9
March	133.0	137.9	139.7	123.7	127.2	128.0	153.6	131.5	130.7	138.2

WAGES

Index of wage and salary earnings 1975 = 100

Period	By industries			By institutional sectors			All salary earners	All wage earners	All employees	
	Wage earners in			Employees in services	State employees	Municipal employees				Employees in private sector
	Agriculture	Industry	Construction							
1	2	3	4	5	6	7	8	9	10	
1982	225.7	213.5	181.8	206.9	201.1	195.0	212.0	207.3	208.8	208.0
1983	243.6	234.0	202.5	229.0	223.3	217.2	233.1	229.3	229.3	229.6
1984	274.0	255.0	223.0	251.0	238.1	240.0	254.4	249.9	250.1	250.2
1983										
Oct.-Dec.	252.2	242.0	212.4	239.7	231.7	228.2	242.3	239.3	237.8	239.1
1984*										
Jan.-March	260.7	245.1	218.1	244.5	234.0	234.7	245.2	242.9	240.9	242.6
Apr.-June	271.4	259.2	221.8	251.6	238.7	240.8	255.9	250.6	252.6	251.6
July-Sept.	278.2	257.5	224.9	252.9	238.7	242.0	257.1	252.0	252.6	252.6
Oct.-Dec.	286.0	258.0	226.9	254.7	241.0	242.8	259.3	254.0	254.2	254.4

PRODUCTION

Volume indices of production 1980 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1982										
Oct.-Dec.	115	111	85	110	144	110	116	121	111	116
1983*										
Jan.-March	101	103	74	99	83	95	97	95	111	108
Apr.-June	107	112	80	90	91	104	105	109	111	115
July-Sept.	107	99	206	41	119	104	108	105	112	112
Oct.-Dec.	117	116	88	101	148	104	123	117	114	120
1984*										
Jan.-March	104	110	75	90	82	92	105	98	114	112
Apr.-June	109	113	82	92	84	103	112	107	114	119
July-Sept.	109	101	197	47	113	103	110	110	116	117
Oct.-Dec.	121	121	93	123	140	104	125	119	117	125

PRODUCTION

Index of industrial production 1980 = 100

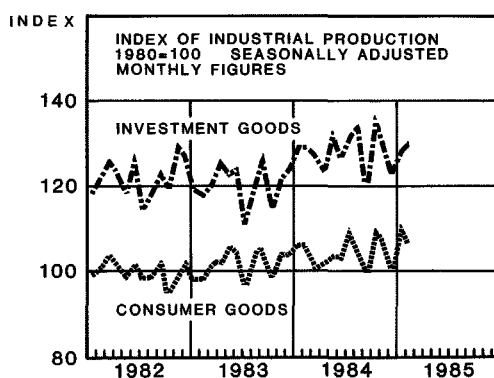
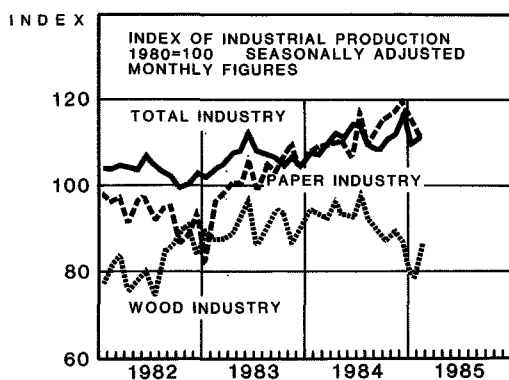
Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
	1	2	3	4	5	6	7	8	9	10	11
1982*	103.7	121.0	103.4	100.6	106.4	83.5	96.1	98.8	110.0	114.0	103.8
1983*	106.9	121.2	102.4	106.4	108.6	91.0	102.2	105.1	117.3	114.5	106.9
1984*	111.3	129.2	105.0	111.1	108.3	92.3	113.0	109.6	107.8	120.8	111.6

1984*

Feb.	108.5	127.6	102.5	108.0	90.2	88.0	111.0	103.8	90.9	119.4	108.0
March	116.4	142.0	109.7	114.9	97.1	98.6	118.2	120.4	111.4	129.3	110.5
April	107.8	132.1	100.5	106.8	95.4	102.2	102.9	116.3	96.2	121.6	112.7
May	121.8	158.5	110.9	120.4	114.0	118.2	120.5	118.1	116.4	144.1	111.8
June	110.0	144.5	101.5	107.9	103.6	103.1	91.5	105.3	114.7	128.2	114.7
July	74.9	54.7	71.9	79.8	97.2	41.7	124.2	70.9	62.1	56.0	114.5
Aug.	114.7	131.5	108.7	114.5	114.3	90.5	117.5	112.2	124.7	122.7	109.7
Sept.	110.5	127.3	102.0	111.5	105.6	99.6	111.3	112.2	127.7	120.6	108.6
Oct.	126.3	145.0	122.4	124.7	140.4	104.6	124.2	121.4	135.8	137.9	111.3
Nov.	124.2	144.5	121.7	121.6	132.1	94.9	123.0	120.7	116.6	136.8	111.9
Dec.	104.4	122.7	98.4	104.0	102.4	65.3	109.5	102.5	94.3	116.6	117.6

1985*

Jan.	117.1	131.4	114.6	115.7	101.9	78.3	117.9	107.7	109.3	126.4	110.1
Feb.	108.0	127.9	102.8	106.9	88.4	78.2	109.4	105.5	87.5	119.0	112.0



LABOUR – TIMBER FELLINGS – INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1980 = 100	Whole-sale volume index 1980 = 100
	1	2	3	4	5	6	7	8
1983	3 681	2 546	2 390	156	6.1	39 324	107	110
1984*	3 700	2 572	2 413	158	6.2	41 288	109	109
1984*								
Jan.	3 699	2 510	2 339	171	6.8	3 577	97	94
Feb.	3 700	2 498	2 329	169	6.8	4 209	95	101
March	3 694	2 520	2 353	168	6.6	4 734	105	111
April	3 693	2 523	2 356	167	6.6	4 207	101	98
May	3 697	2 579	2 438	140	5.4	3 734	113	120
June	3 695	2 745	2 570	175	6.4	2 664	115	106
July	3 700	2 761	2 614	146	5.3	1 323	113	93
Aug.	3 700	2 598	2 454	145	5.6	1 649	113	119
Sept.	3 703	2 549	2 395	153	6.0	2 353	105	116
Oct.	3 706	2 520	2 370	150	6.0	3 561	114	121
Nov.	3 704	2 517	2 358	159	6.3	4 269	111	117
Dec.	3 705	2 544	2 386	158	6.2	5 134	130	113
1985*								
Jan.	3 706	2 531	2 360	171	6.8	4 241	99	103
Feb.	3 707	2 534	2 363	171	6.7	4 581		

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											
	1	2	3	4	5	6	7	8	9	10	11
1983	51.78	19.66	6.44	22.03	3.65	47.37	18.43	5.92	19.46	3.55	51.44
1984*	49.40	19.87	5.63	17.24	3.12	43.25	17.35	4.97	15.44	2.74	52.56
1983											
July-Sept.	14.22	4.23	1.07	8.01	0.91	11.06	3.96	1.86	4.28	0.96	58.14
Oct.-Dec.	8.59	3.31	0.95	3.31	1.02	15.46	6.12	2.07	6.24	1.02	51.44
1984*											
Jan.-March	9.11	3.83	1.12	3.08	0.61	8.72	3.72	0.71	3.08	0.62	47.01
Apr.-June	16.19	7.21	2.35	4.67	0.73	8.64	3.53	0.55	3.57	0.51	53.65
July-Sept.	12.85	4.82	1.26	4.67	1.04	9.61	3.61	1.64	2.74	0.90	55.96
Oct.-Dec.	9.98	3.40	0.81	4.43	0.69	13.75	5.64	1.88	4.79	0.58	52.56

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 markka as reported by the commercial banks to the Bank of Finland. The spot position includes all foreign currency-denominated assets and liabilities of the banks, excluding their outstanding forward contracts.

FOREIGN EXCHANGE RATES

Pages 8-9. *Exchange rates* are annual and monthly averages of the Bank of Finland's daily quotations. *Currency index* is annual and monthly average of daily index numbers. The chart at the bottom of page 8 shows the banks' forward selling rates for the US dollar as deviations from the spot rate.

DEPOSITS BY THE PUBLIC -

ADVANCES TO THE PUBLIC - MONEY SUPPLY

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

Page 10. *Deposits by the public*. The central government and the financial institutions are mainly excluded from the public. From 1974 deposits include domestic deposits denominated in foreign currency.

Page 11. *Advances to the public*. The central government and the financial institutions are not included in the public.

Postipankki's advances do not include loans granted by the State Investment Fund (INRA). Domestic credits in foreign currency are mainly granted by the commercial banks and the rest by Postipankki.

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

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

STATE FINANCES

Page 12. Official figures computed by the Economics Department of the Ministry of Finance. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis.

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.

Columns 1-7. The figures for the trade and goods and services accounts are in accordance with the System of National Accounts.

Columns 12-13. Long-term loans comprise financial loans and import and leasing credits.

Column 15. Miscellaneous long-term capital items, net = direct investment, net + portfolio investment by foreigners + financial loans and development credits to abroad + Finland's subscriptions to international financial institutions, net.

Column 23. Changes in the foreign exchange reserves of the Bank of Finland exclude changes in the markka value of the reserves caused by changes in exchange rates.

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: Portfolio investment = the outstanding amount of share issues by Finnish companies on foreign stock exchanges and of securities sold to foreign buyers through the Helsinki Stock Exchange. Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds.

Column 22. 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 22 and 23 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 1155 to 1809 Finland formed a part of the kingdom of Sweden. Connected from 1809 with Russia, Finland was an autonomous country with the Emperor as Grand Duke until December 6, 1917, the date of Finland's declaration of independence. The republican constitution was adopted in 1919. The legislative power of the country is vested in Parliament and the President. The highest executive power is held by the President, elected for a period of 6 years. 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.

Finland is divided into 461 self-governing municipalities. Members of the municipal council are elected by universal suffrage for a period of 4 years.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1956, JDA 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 (1983): 4.9 million. Sweden 8.3, Switzerland 6.4, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1983): In South Finland 47.4, in East and Central Finland 14.3, in North Finland 4.2 and in the whole country an average of 16.0 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1983): 40 % of the population inhabit the rural areas, 60 % towns. The largest towns are: Helsinki (Helsingfors), the capital, 484 471 inhabitants, Tampere (Tammerfors) 167 344, Turku (Åbo) 163 002.

EMPLOYMENT (1984): Agriculture and forestry 12 %, industry and construction 33 %, commerce 14 %, transport and communication 7 %, financing, insurance, real estate and business services 6 %, community and personal services 28 %

LANGUAGE (1983): Finnish speaking 93.6 % Swedish speaking 6.1 % others 0.3 %

EDUCATION (1985): Practically all persons over 15 years of age are literate. There are 8 universities (the oldest founded in 1640) and 12 colleges of university standard.

CHANGE OF POPULATION (1983): births 13.8 ‰, deaths 9.3 ‰, change + 5.8 ‰, net immigration + 1.4 ‰. Deaths in France 10.3 ‰ and Great Britain 11.7 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1983), in million FIM: Gross domestic product at factor cost by industrial origin: agriculture and fishing 11 868 (5 %), forestry 9 007 (4 %), manufacturing 73 782 (30 %), construction 20 442 (8 %), trade, restaurants and hotels 27 803 (11 %), transport and communication 19 129 (8 %), banking and insurance 9 423 (4 %), ownership of dwellings 16 460 (7 %), other services 58 084 (23 %), total 245 998. Index of real domestic product 108 (1980 = 100).

FOREST RESOURCES (1982). The growing stock comprised of 1 658 million m³ (solid volume with bark) of which 45 % was pine and 37 % spruce the remaining 18 % being broad-leaved trees chiefly birch. Of the growing stock 667 million m³ was up to the standard required for logs, 52 % of these being pine. The annual growth was 67 million m³ and the total drain calculated on the basis of roundwood consumption was 48.5 million m³.

AGRICULTURE (1982). Cultivated land 2.4 million hectares. Number of holdings 212 630 of which 148 590 are of more than 5 ha. Measure of self-sufficiency in bread cereals (1983) 93 %

INDUSTRY (1982). Gross value of industrial production FIM 205 471 mill., number of workers 409 499, salaried employees 145 997, motive power 8.2 mill. kW. Index of industrial production 103.6 for 1982 (1980 = 100).

STATE RAILWAYS (Dec. 31, 1984): Length 6 069 km.

MERCHANT FLEET (March 31, 1985): Passenger vessels 160 (225 877 gross reg. tons), tankers 43 (1 005 815 gross reg. tons), dry cargo vessels 163 (804 057 gross reg. tons), other vessels 102 (14 164 gross reg. tons), total 468 (2 049 913 gross reg. tons).

MOTOR VEHICLES (Dec. 31, 1983): Passenger cars 1 410 438, lorries and vans 167 831, buses 9 102, others 10 685, total 1 597 956.

FINNISH AIRLINES (Feb. 28, 1985). Finnair has in use 1 DC-8-62, 3 DC-9-10, 5 DC-9-41, 12 DC-9-51, 3 DC-9 Super 82, 3 DC-10-30, 1 DC-10-30 ER and 3 Fokker F-27 Friendship MK. The company has scheduled flights to 34 foreign and 21 domestic destinations.

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 markka (plural: markkaa), which is divided into 100 penniä (singular: penni). The abbreviation used for the markka is FIM. The last par value of the markka was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per markka (equivalent, at the time, to 4.20 markkaa per U.S. dollar). Since Nov. 1, 1977 the external value of the markka has been officially expressed in terms of a currency index. This index is tradeweighted and as from Jan. 1, 1984 indicates the average change in the convertible currencies which are important in Finnish foreign trade. The present currency weights are SEK 18.3, DEM 19.4, GBP 15.3, USD 9.6, other currencies 37.4. The permissible range of fluctuation is about 2.25 per cent on either side of the theoretical arithmetic mean. The fluctuation limits are 106.0 and 101.3.

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

OTHER CREDIT INSTITUTIONS (Dec. 31, 1984). There are two big and eight small commercial banks with in all 942 offices, 263 savings banks, 370 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 48 private insurance companies also grant credits.

RATES OF INTEREST (Feb. 1, 1985). The Bank of Finland's base rate is 9 %. The interest rates for domestic lending other than bank financing by the Bank of Finland vary between 6½ % and 11 ¼ %. Other credit institutions: time deposits 4 %; 6 month deposits 6 %; 12 month deposits 7 ½ %; 24 month deposits 8 % and sight deposits 1 ¼ %. The highest lending rate is 13 ½ %

FINNISH ECONOMY IN 1984 AND THE CURRENT OUTLOOK

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Economics Department

Bank of Finland

In 1984, the Finnish economy registered its third consecutive year of stable growth. The strength of the real foreign balance compensated for the impact of a slackening in domestic demand growth. Western exports were boosted by the buoyancy of markets. The growth of private consumption in 1984 was even stronger than in the previous year, but investment activity remained sluggish. On the supply side, import volumes were weak compared with corresponding cyclical phases in the past. This can be partly attributed to the structure of demand but it also reflects a decrease in the propensity to import. Despite a shift in economic policies towards a more restrictive stance, real GDP is estimated to have grown in all by 3 per cent in 1984.

Inflation in Finland slowed down appreciably in 1984. By year-end, the 12-month change in consumer prices was 2½ percentage points lower than a year earlier. Although the inflation rate was still higher than in Finland's main competitor countries, the differential was more than halved in the course of 1984. A balanced external position was an additional result stemming from the tightening of policies.

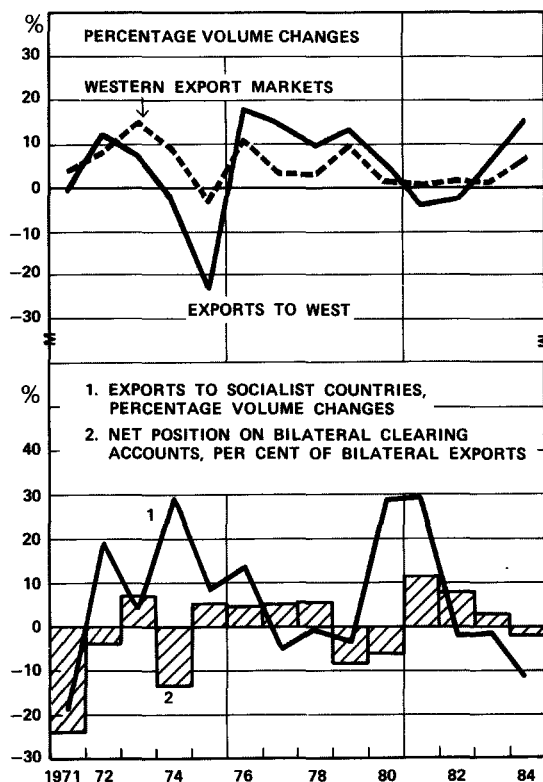
The exceptionally good performance in Finland's western exports in 1984 was due not only to a revival in markets but also to certain special factors, the expansionary effects of which will cease to operate this year. An increase in exports to Soviet Union will, however, offset some of the slowdown in western trade. Thus, total exports are expected to contribute positively to the growth of output in 1985 as well. Rising capacity utilization rates, coupled with a high level of corporate profitability, are likely to encourage domestic investment towards the end of the year. Even

though economic policies are expected to remain restrictive, the growth of GDP is estimated to accelerate to some 3½ per cent this year.

RECENT DEVELOPMENTS IN THE INTERNATIONAL ENVIRONMENT

Owing to the exceptional strength of the US economy, as also reflected in its imports, 1984 was evidently the year of strongest growth in world trade during the present business cycle. Despite the general sluggishness of activity in Europe, Finland's export markets (excluding the centrally planned economies) recovered

CHART 1. GROWTH OF MARKETS AND EXPORTS



strongly, growing by an estimated 7–8 per cent in 1984 (Chart 1). Demand for paper and pulp as well as for metal and engineering products rose sharply. Markets for sawngoods remained strong early in the year, but started to weaken at mid-year as housing investment in European countries slackened.

Fluctuations in exchange rates and in interest rate differentials between Finland and the rest of the world added to uncertainties in financial transactions. After a small revaluation early in the year, the Finnish markka remained stable in relation to a basket of currencies most important in Finland's foreign trade. Movements against individual currencies were, however, substantial. In fact, the markka fell against the dollar throughout the year but gained vis-à-vis the major European currencies.

MAIN FEATURES OF ECONOMIC POLICIES

During the international recession of 1981–82, an expansionary stance was adopted in domestic economic policies. This was a key factor contributing to Finland's clearly better growth performance in comparison with her main trading partners. However, a widening in the inflation gap between Finland and competitor countries following the devaluations in late 1982, together with fears that a strong upswing could generate imbalances, led to a shift in the emphasis of economic policy. The reorientation of policies was also motivated by a desire to balance central government finances. In 1984, economic policies were aimed at further strengthening balanced performance in all parts of the economy. Thus, the overall policy stance can be described as having been relatively tight.

FISCAL POLICY AND PUBLIC FINANCE

The growth prospects for 1984 were good when the budget proposal for that year was drawn up. Fiscal policy was tightened for the reasons mentioned above, and various countercyclical deposit schemes were reactivated with the aim of postponing some of the corporate sector's investment projects.

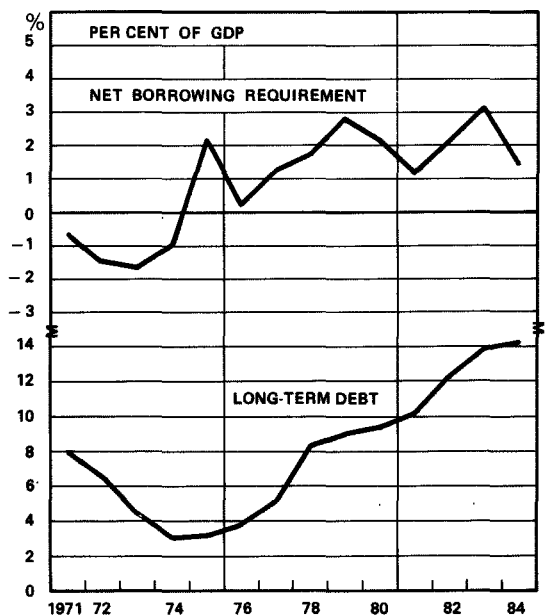
The net tax ratio increased by around one percentage point in 1984. As, moreover, this was accompanied by a simultaneous deceleration in the growth of public demand, the state's net financing requirement was halved, amounting to some 1.5 per cent of GDP as against almost 3 per cent in the previous year. Consequently, the rate of growth in government indebtedness, already among the lowest in the OECD area, was almost halted (Chart 2).

Although the shift in fiscal policy stance towards a more restrictive stance was evident in 1984, the effects of the tightening were nevertheless partly offset by the lagged impact of the expansive phase in 1982–83. According to simulations carried out using the Bank of Finland quarterly model, the combined effects of present and past fiscal policy on demand in 1984 appear to have been fairly neutral.

CENTRAL BANK POLICY AND FINANCIAL MARKETS

Concern over looming economic imbalances had already led to a tightening of monetary policy in the previous year. The call money rate was raised to 18 per cent in September 1983 with the aim of easing pressures on the foreign

CHART 2. CENTRAL GOVERNMENT FINANCES



exchange reserves. Thereafter, the call money rate was kept high in order to combat inflationary expectations. Anti-inflationary demand management was supplemented in early 1984 by slightly raising the external value of the markka as measured by the Bank of Finland's currency index. In addition, the banks' cash reserve deposit ratio was raised in the spring, and the cash reserve base was extended in the autumn. Because of the growing importance of unregulated market rate deposits and loans in the intermediation of finance, the implementation of monetary policy has been increasingly based on decisions concerning interest rates (Chart 3).

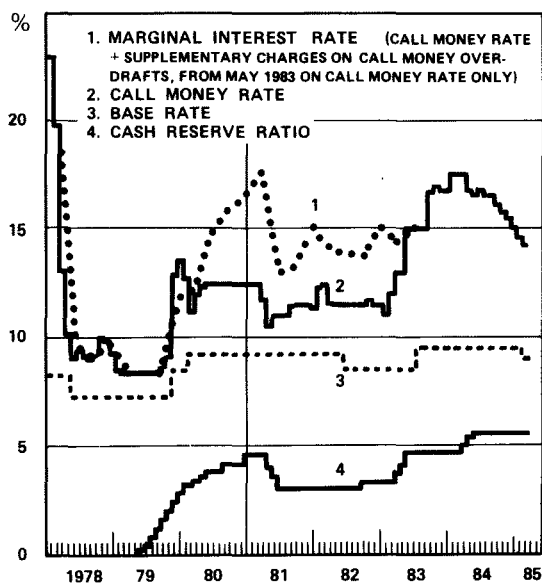
The restoration of confidence in the external value of the markka occurred at a time when there was still a clear differential between Finnish and foreign interest rates. This induced heavy capital inflows, especially in the first half of 1984. A large part of the imported capital was placed as unregulated rate deposits with banks from where it was channelled to the central bank as call money deposits. The need to sterilize the liquidity effects of capital movements has been another factor requiring a high call money rate, despite its potentially negative effects on investment. As a result, capital inflows did not ease financial markets to an

extent that might have jeopardized balanced growth. By buying foreign exchange forward from the banks, the Bank of Finland obviated the need of the banks to import short-term capital to cover their greatly increased forward purchases from exporters.

The base rate applied to central bank lending remained unchanged at 9.5 per cent throughout the year. By contrast, the call money rate was successively lowered from 17.5 to 14.8 per cent in the course of the year, thereby contributing to a marked decrease in domestic interest rate differentials.

From the beginning of 1984, the proportion of the banks' extra interest costs on funds obtained in the unregulated market that could be passed on to their customers was raised from 50 to 60 per cent. This led to a further rise in interest rates on new credits subject to the regulation of average lending rates. Later in the year, the system of regulation was revised so that a bank could raise the average lending rate applied to its domestic markka-denominated lending by not more than 30 per cent of the increase in the average deposit rate on the bank's total stock of deposits. The new system became effective progressively from the beginning of October 1984.

CHART 3. MONETARY POLICY INDICATORS

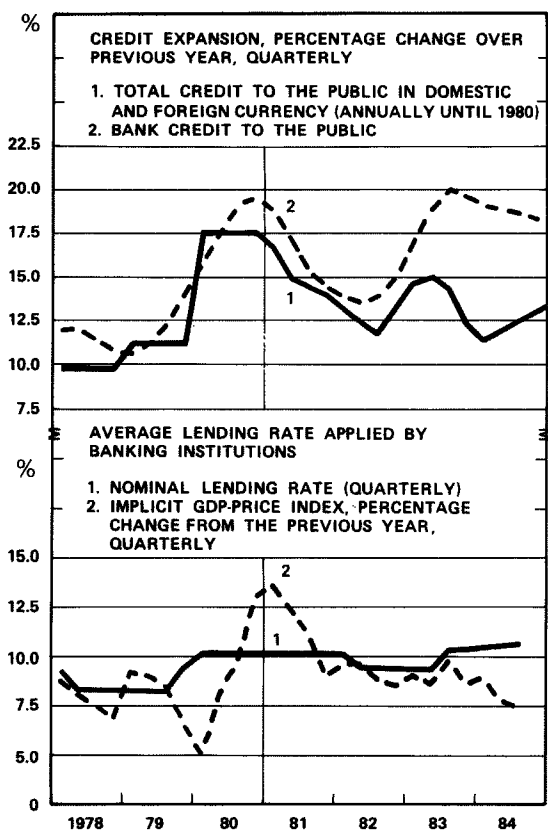


As the share of unregulated market rate loans in total lending increased in the course of 1984, the average lending rate edged upwards. The slowdown in inflation was, however, the major factor behind a clear rise in real interest rates towards the end of the year (Chart 4). With the changes that have occurred in financial markets and monetary control in recent years, the traditional monetary indicators have lost some of their relevancy. In particular, the circulation of unregulated rate funds within the financial system has boosted the growth figures for lending and money supply.

DEVELOPMENTS IN THE CORPORATE AND HOUSEHOLD SECTORS

Finland's export markets experienced a strong revival in 1984 after a period of prolonged

CHART 4. FINANCIAL MARKET INDICATORS



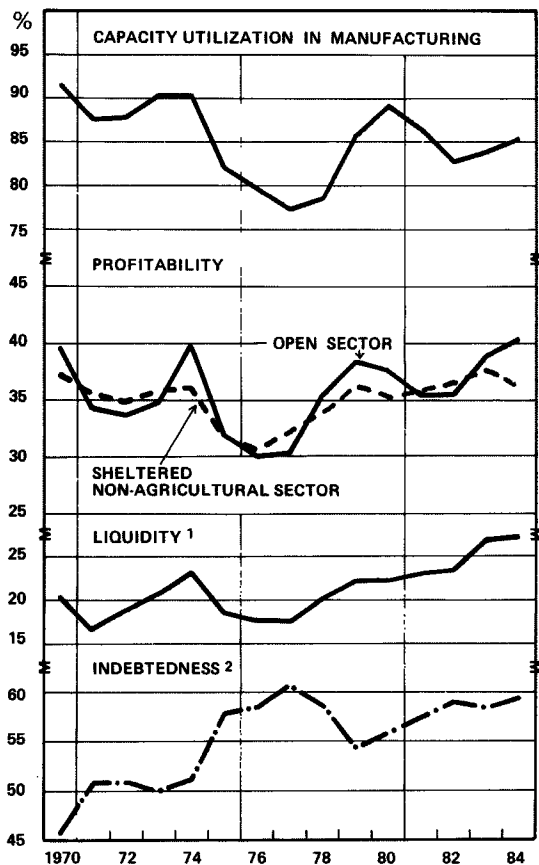
weakness. Reflecting both a satisfactory level of price competitiveness and the cyclical sensitivity of many export commodities, the volume of Finland's western exports rose more than 15 per cent, twice the rate of market growth. This was, however, partly a result of special factors such as the timing of ship deliveries and a temporary peak in the refining of oil for re-export. By contrast, exports to the Soviet Union declined sharply owing to the need to restore balance to the bilateral trade account. Offsetting changes in exports to western and centrally planned economies have been a key factor stabilizing developments in Finland's merchandise trade during the 1980s. A sharp decline in receipts from construction projects in OPEC countries was behind a fall in exports of services. Overall, exports of goods and services were buoyant, growing by 6 per cent in volume terms in 1984.

High productivity growth in the corporate sector reflected firms' efforts to keep costs of

production in check. Together, too, with favourable developments in foreign trade prices, this contributed to a further improvement in profitability in the open sector. The level of profitability was also satisfactory in the sheltered sector (Chart 5).

Despite the general financial health of the corporate sector, business fixed capital formation was sluggish in 1984. This can be partly attributed to the success of the steps taken by the authorities in recent years to dampen the traditionally volatile movements in the investment cycle in Finland. In particular, the counter-cyclical measures implemented in 1982-83 helped to sustain fixed investment at relatively buoyant levels in those years, thus reducing the incentive for a further expansion of capital stock. Moreover, capacity utilization rates in industry were clearly below their peaks

CHART 5. CORPORATE SECTOR INDICATORS



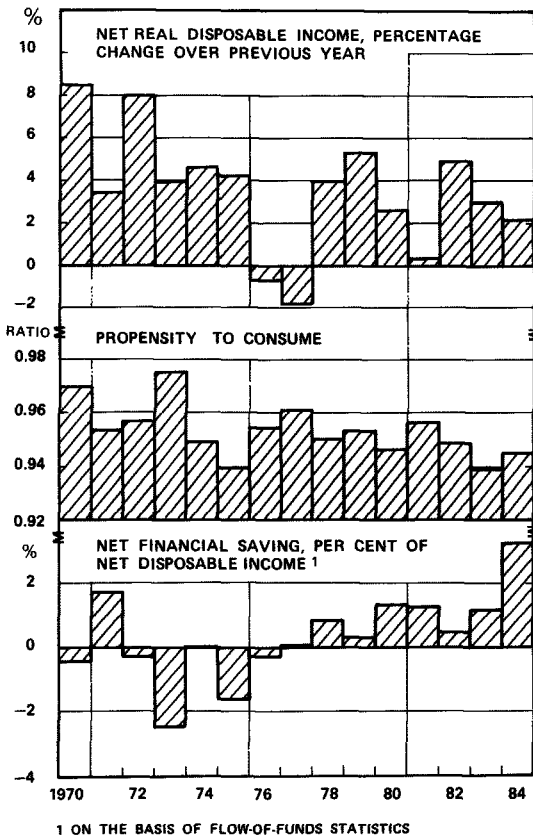
1 RATIO OF BANK DEPOSITS AND SHORT-TERM FOREIGN ASSETS TO TOTAL DEBT
2 TOTAL GROSS DEBT AS A PERCENTAGE OF GDP

EQUILIBRIUM OF THE ECONOMY

in past cycles and, together with the high level of unregulated market interest rates, this increased the relative attractiveness of financial investments to firms. The sluggishness of fixed investment may also reflect changing investment patterns, notably the growing importance of R & D and direct investment abroad. All in all, the volume of private investment declined somewhat in 1984, notwithstanding growth of almost 10 per cent in the manufacturing sector. The volume of public investment also decreased.

Household consumption continued to increase steadily in 1984. Although this was mainly attributable to an increase in real disposable income, it was also boosted by a rise in the propensity to consume (Chart 6). Spending on consumer durables witnessed especially strong growth. Reflecting the high level of real interest rates, financial saving by households grew noticeably as a counterpart to a slowdown in housing investment.

CHART 6. HOUSEHOLD SECTOR INDICATORS

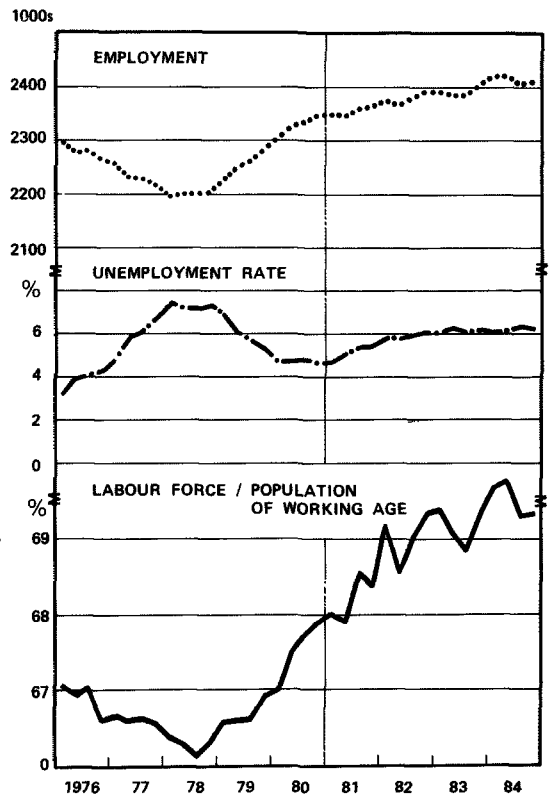


EMPLOYMENT

Overall employment rose further in 1984. This was due entirely to growing labour demand in the service sector. The numbers engaged in primary production continued to drop, even though the exodus from this sector has slowed appreciably in recent years. Despite the fairly brisk growth in industrial output, employment also suffered a decline in the secondary sector.

Although employment has risen by a total of 10 per cent since 1978, the number of unemployed has fallen only marginally, largely as a result of a rise in the labour force participation rate. The unemployment rate remained stable for the third year in succession, averaging 6.2 per cent in 1984, and it is not expected to show any significant change in 1985 either (Chart 7).

CHART 7. LABOUR MARKET



INFLATION

Reflecting the weakness of world commodity prices and the continued easing of inflation in industrial countries, external inflationary pressures remained moderate last year. Import prices rose by 5 per cent and export prices by 7½ per cent. Thus, Finland's terms of trade improved in 1984.

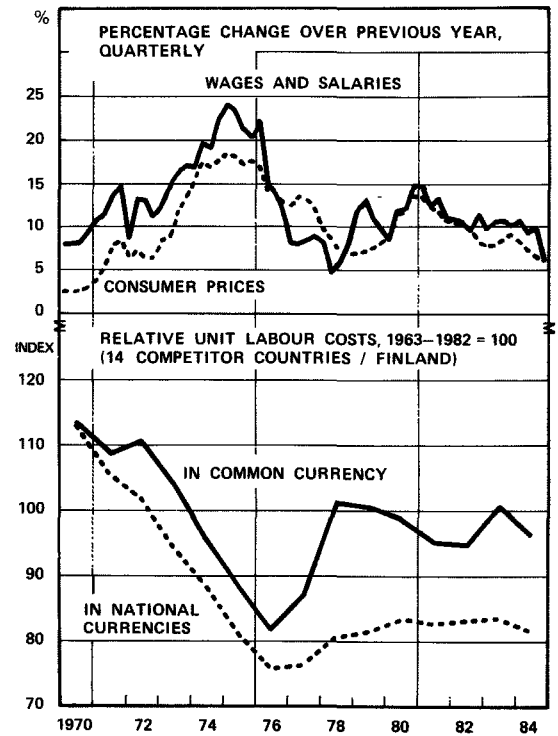
A two-year general comprehensive incomes agreement was concluded early in 1984. In the manufacturing industries, nominal earnings, including wage drift, rose by 9 per cent in 1984 or only slightly less than in the previous year. Owing to domestic factors, Finland's inflation rate remained higher than the international average. Although part of the wage differential was absorbed by the rapid growth of labour productivity, the rise in unit labour costs in manufacturing exceeded that in Finland's main competitor countries by more than 2 percentage points. Measured in a common currency, the price competitiveness of the Finnish manufacturing sector weakened by more than 4 per cent in 1984. As export prices have, however, continued to grow faster than domestic costs, this has not unduly strained the profitability of export firms.

Consumer prices increased by 7.1 per cent on average in 1984, more than one percentage point less than in the previous year. The slowdown in inflation was more pronounced over the 12 months to December 1984; at year-end the consumer price index was around 6 per cent higher than a year earlier (Chart 8). Furthermore, slower growth in both producer prices and import prices points to a further easing of inflationary pressures in the months ahead. The continued deceleration of domestic inflation also seems to be causing a downward adjustment in inflationary expectations.

EXTERNAL BALANCE

Over the past years, several factors have contributed to the improvement in Finland's external balance. Economic growth has been based largely on the expansion of the open

CHART 8. INFLATION AND PRICE COMPETITIVENESS



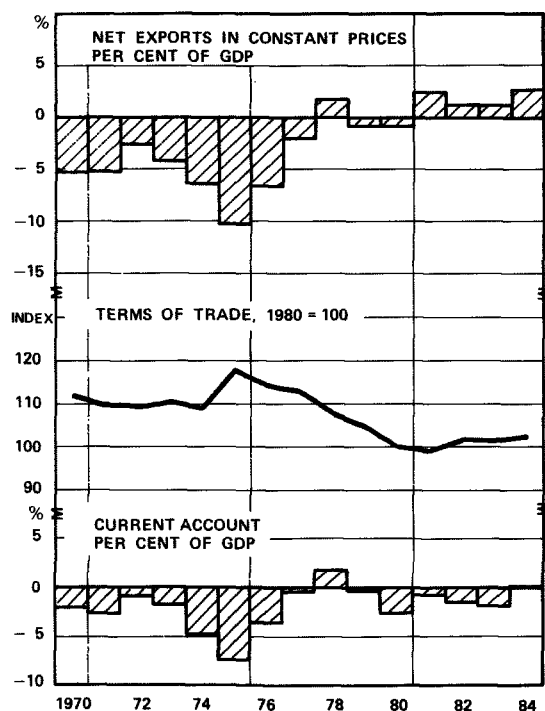
sector, both the export and import-competing industries. At the same time, the propensity to import has diminished. This is especially evident in the case of energy and other raw materials. An additional factor has been a decline in the economy's investment ratio due to the reduced need for infrastructure investments.

The current account was in balance in 1984, the first time a deficit has not been recorded since 1978 (Chart 9). Despite rising debt service costs, the upward trend of the previous two years in external indebtedness was reversed in 1984, with the ratio of net foreign debt to GDP falling by one percentage point to 17 per cent. This downward trend is expected to be maintained in 1985.

THE CURRENT OUTLOOK

Western exports are expected to rise only slightly in 1985. This rather weak development in comparison to market growth is due to two factors. First, the exceptionally high growth in

CHART 9. EXTERNAL BALANCE



1984 was partly a consequence of the timing of certain large deliveries. Secondly, exports of cyclically sensitive forest-based products typically start to slacken in the present phase of the business cycle. On the other hand, the need to restore balance to the bilateral trade account will lead to a sharp expansion of exports to the Soviet Union after a decline in the previous three years, and this will partly compensate for the slowdown in western exports. All in all, exports are expected to impart a clearly positive contribution to the growth of GDP in 1985 and a positive – albeit weaker – contribution in 1986 as well.

No major changes are anticipated in economic policies. In fiscal policy, a move towards a somewhat less restrictive stance is likely since the deceleration in the growth of public sector demand is expected to come to a halt. Owing to an increase in the net tax ratio, however, the net borrowing requirement will be almost halved to less than one per cent of GDP in 1985. The lagged effects of past policy measures should reinforce the overall restrictive impact of fiscal policy in 1985. In 1986, the fiscal policy impact could be close to neutral.

A key objective of monetary policy has been to close the gap between inflation rates in Finland and her main trading partners. Furthermore, the sharp reversals in capital flows within the past 18 months underline the need to avoid measures which could threaten the fragile balance in financial markets. Accordingly the Bank of Finland has lowered the call money rate in line with the deceleration in domestic inflation. The base rate was lowered by 0.5 percentage point to 9 per cent from February 1, 1985.

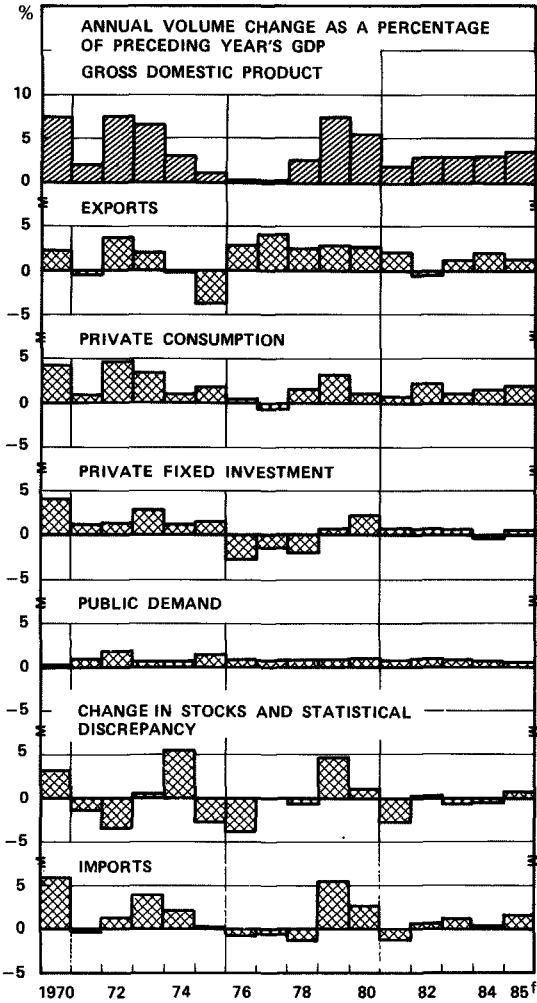
The growth of fixed capital formation is expected to pick up in 1985 but nevertheless to remain rather stable by historical standards. The absence of commodity price pressures, coupled with the high return on financial investments, has been a factor curbing stockbuilding. The contribution of stockbuilding to the growth of GDP is likely to remain noticeably more stable than in past business cycles.

The increase in household real disposable income in 1985 is expected to be twice as high as in the previous year. Even though a small drop in the propensity to consume is anticipated, private consumption is forecast to accelerate further in 1985. It should also remain strong in 1986, despite some slowing in its rate of growth. The historically high level of real interest rates, together with demographic factors, will curb housing investment, which is expected to diminish somewhat in the years ahead.

All in all, a slight acceleration of GDP growth is anticipated despite the overall restrictive impulses emanating from economic policies. This will be due to the increasing contribution of domestic factors in the latter part of the year. Economic forecasts point to growth of around 3½ per cent in 1985 (Chart 10). In 1986, growth is expected to decelerate by about one percentage point or so.

The growth of earnings this year will be guided by the two-year comprehensive incomes settlement concluded in the spring of 1984. Taking

CHART 10. CONTRIBUTION TO THE GROWTH OF GROSS DOMESTIC PRODUCT IN 1970-85



into account carry-over effects and wage drift, average earnings are estimated to rise by 7-8 per cent in 1985 or clearly less than in 1984. Given pay developments along these lines and weakening external inflationary pressures, the increase in consumer prices is expected to decelerate further after a temporary rise in the first months of the current year. The consumer

price index is forecast to rise by 5 to 5½ per cent in the course of the year. In 1986, the rate of inflation in Finland is estimated to decline to the average in competitor countries.

In recent years the growth of total output in Finland has consistently exceeded the OECD average. Moreover, the trade-offs between relative levels of domestic activity compared with abroad and internal and external balance seem to have shifted in Finland's favour. The inflation gap between Finland and its trading partners associated with the actual growth differential of the past five years is much narrower than historical relations would imply. The same is true for the relative external position of Finland in the 1980s. However, as evidence concerning shifts in these key trade-offs is available only for the past few years, it may be too early to judge whether they reflect a permanent improvement in economic performance.

Both external and internal factors seem to point to brisk growth of total output in the period ahead. There are no obvious major problems in sight likely to threaten the overall balance of the economy. However, the Finnish economy tends to be particularly prone to disturbances connected with inflationary pressures no matter whether their origins are in external or internal developments. The recent success of economic policies in combatting inflation is evident, but, with external demand weakening and slackening productivity growth no longer able to absorb higher cost increases, the authorities are expected to exercise caution in relaxing their policies. This is especially so, since more room for manoeuvre in economic policy may be needed in the years ahead.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM MAY 1984 TO APRIL 1985

1984

May

Call money market. The Bank of Finland raises the call money rate from 16.5 to 16.8 per cent as from May 29.

June

Export deposits. On June 5, the Council of State decides to collect export deposits for pulp to be exported between June 8, 1984 and June 7, 1985. The deposits are to be made at the Bank of Finland, and will bear interest at a rate of 8 $\frac{3}{4}$ per cent.

July

Call money market. The Bank of Finland lowers the call money rate from 16.8 to 16.5 per cent as from July 3.

September

Central bank financing. The Bank of Finland decides to extend to Peruspankki Ltd, as from the beginning of September, the same rights to central bank financing and the use of the call money market as the other commercial banks.

Call money market. The Bank of Finland lowers the call money rate from 16.5 to 16.0 per cent as from September 7 and further to 15.8 per cent as from September 28.

Cash reserve requirement. On September 7, 1984, the Bank of Finland concludes a new cash reserve agreement with the banks. According to it, the cash reserve base comprises, in addition to deposits received on normal terms, the total stock of deposits denominated in foreign currency, special deposits and the banks' net foreign liabilities after certain deductions.

Regulation of average lending rates. On September 7, 1984, the Bank of Finland decides to revise its regulation of the banks' average lending rates. According to the new system, the average lending rate applied by a banking institution to its domestic markka-denominated lending is allowed to rise by not more than 30 per cent of the increase in the average deposit rate on the bank's total stock of deposits. The new system is to become effective progressively as from the beginning of October.

October

Call money market. The Bank of Finland lowers the call money rate from 15.8 to 15.6 per cent as from October 26.

November

Financing of domestic suppliers' credits. The Bank of Finland raises the rate of interest applied to domestic suppliers' credits by one percentage point to 10 $\frac{1}{2}$ per cent. At the same time, the Bank raises the lower limit on the contract price of a delivery which can be financed to FIM 1 million and the commitment fee to a maximum of 0.35 per cent. The revisions are to concern domestic suppliers' credits granted as from November 1, 1984.

Export deposits. The Council of State decides to discontinue the collection of export deposits on sawn pine wood as from November 1, 1984.

Insurance companies' right to acquire foreign shares. On November 9, 1984, the Bank of Finland authorizes the insurance companies engaged in foreign insurance business to also invest, on certain conditions, the funds obtained from their foreign insurance business in foreign shares.

Call money market. The Bank of Finland lowers the call money rate from 15.6 to 15.4 per cent as from November 14 and further to 15.2 per cent as from November 30.

Bank of Finland's credit facility agreements. On November 16, the Bank of Finland cancels its credit facility agreements totalling USD 1.5 billion with international banking consortia.

December

Banks' foreign lending activities and transactions in foreign securities. Through permits entering into force at the beginning of December, the Bank of Finland increases the banks' opportunities to engage in foreign lending activities and dealings in foreign securities, particularly shares. These permits require that the credits granted to non-residents and the security purchases are refinanced mainly by resorting to foreign credit.

Call money market. The Bank of Finland lowers the call money rate from 15.2 to 14.8 per cent as from December 21.

1985

January

Arrangement for the financing of short-term export credits. On January 1, 1985, the Bank of Finland raises the rate of interest on short-term export credits so that, irrespective of the credit period, it is the same as the Bank of Finland's base rate at any one time. At the same time, the Bank of Finland decides to reduce the maximum annual average amount of the Bank's financing of short-term export credits from FIM 30 to FIM 20 million.

Call money market. The Bank of Finland lowers the call money rate from 14.8 to 14.6 per cent as from January 11 and further to 14.2 per cent as from January 25.

Export deposits. The Council of State decides to discontinue the collection of export deposits on pulp as from January 31, 1985.

February

Interest rate policy. The Bank of Finland lowers its base rate from 9.5 to 9.0 per cent as from February 1. The banks are required to lower, in general, the rates of interest on their outstanding loans by 0.5 percentage point from the same date. The upper limit on the banks' lending rates is also lowered to 13.5 per cent. In addition, the rates of interest on the banks' tax-exempt deposit accounts fall, on average, by 0.5 percentage point.

Domestic foreign-currency-denominated loans. As from February 1, 1985, the Bank of Finland limits the amount of domestic foreign currency loans granted by an authorized bank which do not require the prior approval of the Bank of Finland to no more than the amount of domestic non-bank foreign currency deposits with the bank.

Payments agreement between Finland and Hungary. Under an agreement concluded between the Finnish and Hungarian authorities in October 1984, the payments agreement between the two countries terminates on January 31, 1985. As from February 1, 1985, payments between the two countries are to be effected in convertible currencies.

Call money market. The Bank of Finland lowers the call money rate from 14.2 to 14.0 per cent as from February 26.

March

Currency options. The Bank of Finland decides to entitle the authorized banks to conclude option contracts as from March 1, 1985. However, these contracts may not concern rates of exchange quoted against the Finnish markka.

Amendments to Foreign Exchange Regulations. The Bank of Finland revises the Foreign Exchange Regulations in certain respects as from March 1, 1985. The main details of the amendments are as follows:

Dividend receipts from foreign direct investment in Finland can be transferred abroad

through an authorized bank without the Bank of Finland's special permission.

Obtaining collateral security on behalf of a non-resident is allowed without the Bank of Finland's special permission. Similarly, granting collateral security to a non-resident on behalf of a resident is allowed without special permission.

April

Payments Agreement between Finland and Bulgaria. In keeping with an agreement con-

cluded between the Finnish and Bulgarian authorities in November 1984, the US dollar clearing account between the two countries is replaced by a Finnish markka clearing account as from April 1, 1985.

Export deposits. On April 3, the Council of State decides to repay export deposits. The export deposits collected on sawn wood are to be repaid during June and those on pulp during November.

Call money market. The Bank of Finland lowers the call money rate from 14.0 to 13.8 per cent as from April 26.

(Continued from page 2)

DISTRIBUTION OF OUTPUT OF THE BANK OF FINLAND SECURITY PRINTING HOUSE DURING CERTAIN PERIODS, %

<i>Product group</i>	1885—1921	1926—30 ¹	1945—50	1966—70	1980—1984
Banknotes	100	73	63	54	47
Perforated stamps	—	10	9	15	12
Other security printing products	—	11	14	10	31
Other domestic output	—	6	14	18	5
Exports	—	—	—	3	5
Total	100	100	100	100	100

¹ Estimated

The 1980s has seen a phase of rapidly advancing technical change, posing new challenges to the Security Printing House. Bank of Finland banknotes still constitute the key product group of the printing house, accounting for 40 to 50 per cent of total output in recent years. However, the product group consisting of cheques and securities has shown the fastest growth in the 1980s (see the table). In the past few years, the demand for banknotes and other traditional security printing products has declined, and this trend is likely to continue. Nevertheless, there will also be a need for banknotes in the future, and hence they are likely to maintain an important position in the overall production of the Security Printing House. New means of payment, such as cheques, and, most recently, plastic cards of various kinds, have emerged alongside banknotes over the past few years. These tendencies are already discernible in the output figures for the printing house, but they are most evident in a vigorous growth in resources devoted to research and development. The demand for different ID products is expected to go on growing rapidly in the future and at the time there will be a steady rise in the level of security incorporated in them.

House now has at its disposal all printing techniques required in security printing, and the quality of its products meets the highest international standards.

April 23, 1985

The Security Printing House moved to its present premises in Vantaa in 1979. In conjunction with the move, machinery and equipment were modernized. The Security Printing

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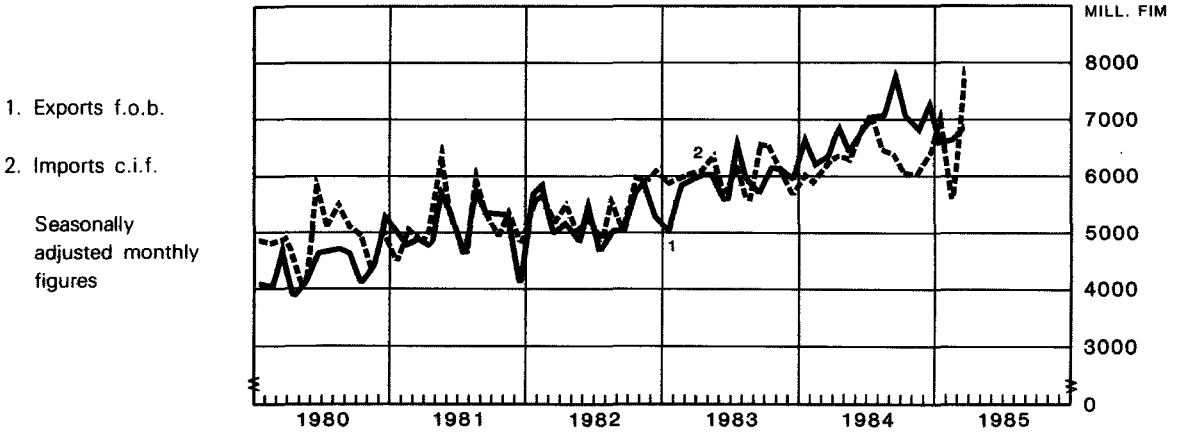
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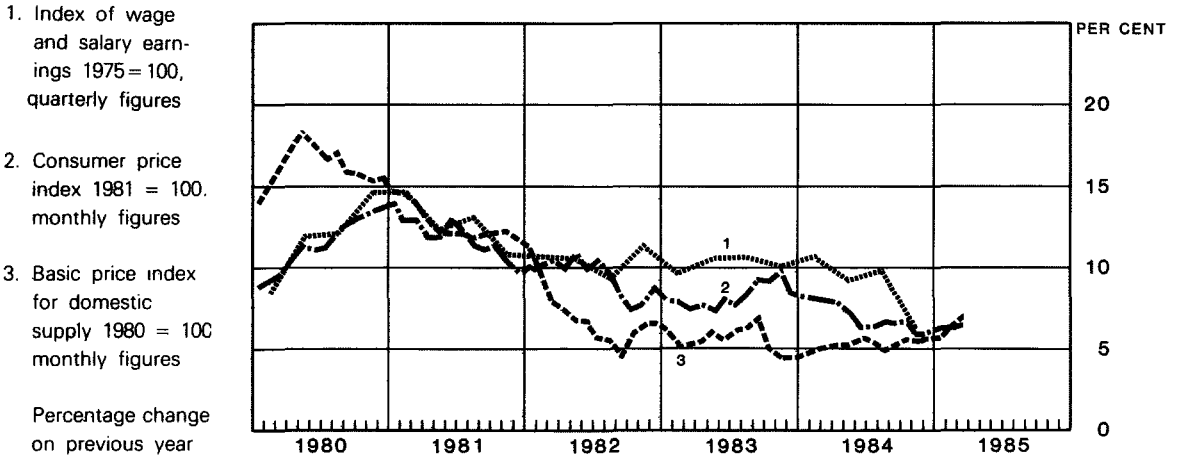
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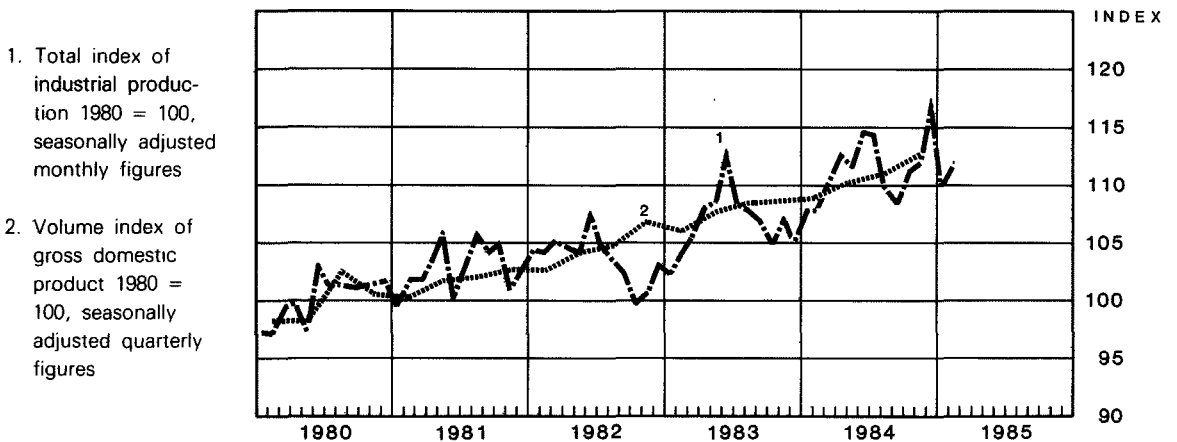
FOREIGN TRADE, 1980-85



PRICES AND WAGES, 1980-85



PRODUCTION, 1980-85



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