



BANK OF FINLAND

Monthly Bulletin

**Statement by Dr. Ahti Karjalainen,
Acting Governor of the Bank of
Finland, on the occasion of the closing
of the accounts for 1979**

**The role of know-how trade in
Finland's balance of payments**

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Social security in Finland

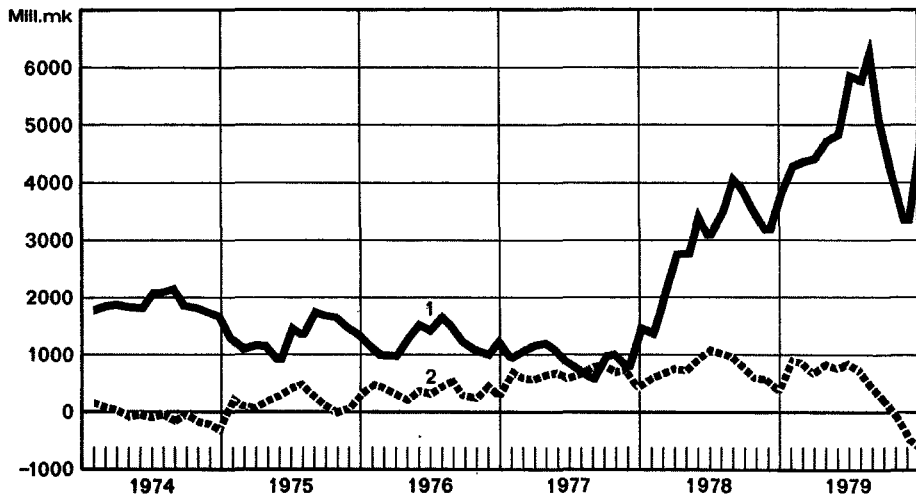
Change in valuation procedure for gold

**Index of wage and salary earnings
1975 = 100**

JANUARY 1980

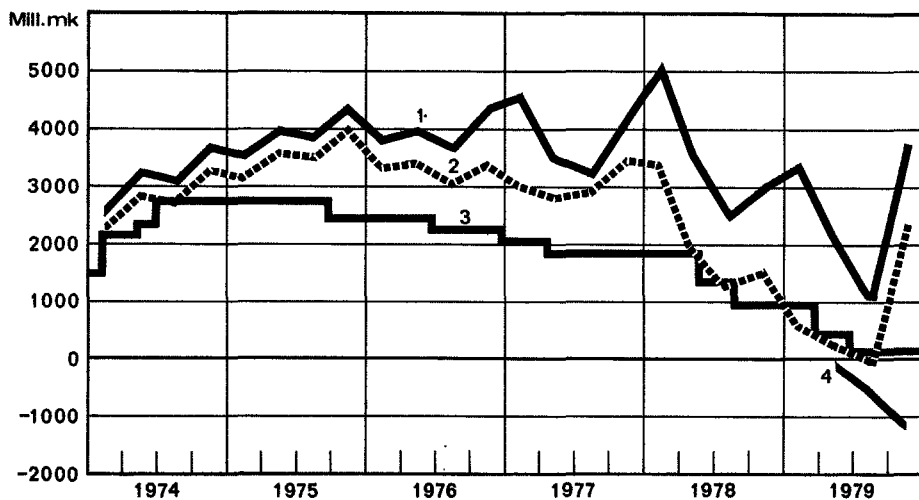
Vol. 54 No. 1

BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1974 - 79



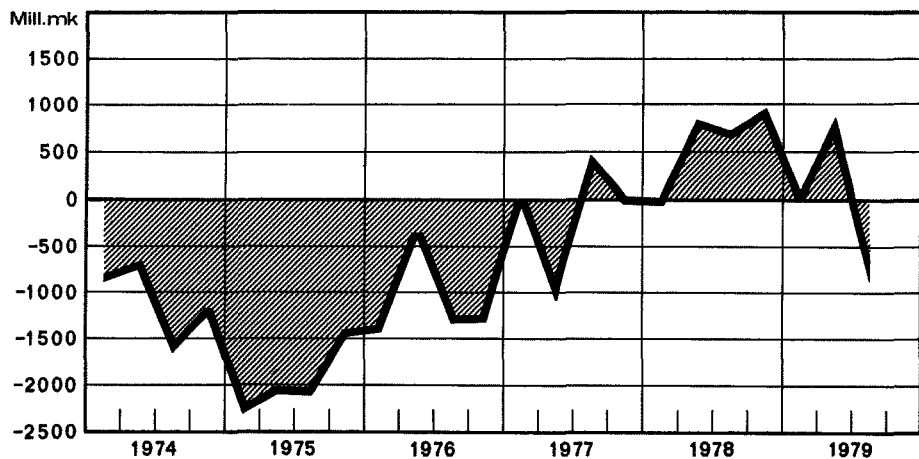
- 1. 'Gold and convertible currencies
- 2. Tied currencies

COMMERCIAL BANKS' CENTRAL BANK POSITION, 1974 - 79



- 1. Total central bank debt
 - 2. Actual central bank debt
 - 3. The quotas
 - 4. Cash reserve deposits
- Quarterly average of daily amounts (1, 2 and 4)

BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS / DEFICIT, 1974-79



Seasonally adjusted quarterly figures

STATEMENT BY DR. AHTI KARJALAINEN, ACTING GOVERNOR OF THE BANK OF FINLAND, ON THE OCCASION OF THE CLOSING OF THE ACCOUNTS FOR 1979

The basic goal of Finnish economic policy during recent years has been to create conditions conducive to a process of steady and sustainable growth of production and employment. One of the ways of reaching this goal has been to generate and maintain adequate international competitiveness. This long-term strategy, together with a shift of the geographical and commodity composition of world trade favourable for Finnish exports, had a positive impact on the economy's performance in 1979.

Finland recorded one of the highest growth rates in the OECD area and the unemployment rate was reduced substantially. The current account was approximately in balance owing in part to the fact that the rise in oil prices caused only a slight deterioration in the terms of trade. The rate of inflation remained below the average rate of inflation in the OECD area.

Throughout most of 1979, monetary policy aimed at supporting productive activity. To avoid an excess build-up of liquidity which could undermine price stability, steps were taken in the course of the year to neutralize part of the increase in liquidity. In the closing months a more restrictive policy was adopted to counterpose emerging imbalances and to staunch short-term capital outflows.

For the first eight months of 1979, the net foreign assets of the Bank of Finland grew. Up until May the increase was a reflection of the current account surplus and capital imports, particularly by the State. Subsequently speculative capital inflows raised the net foreign assets. The increase in domestic liquidity up until late summer, coupled with comparatively mild demand for credit, enabled the banks to reduce their central bank debt.

The progressive reduction in the debt of the banks to the Bank of Finland led to changes in the methods of monetary control. A cash reserve system influencing the banks' asset portfolios was introduced in the spring. This reform broadened the direct scope of monetary policy action since the cash reserve obligation is borne by all deposit banks. Previously, only banks which were entitled to borrow at the central bank, i.e., commercial banks, were directly affected by monetary policy actions.

The decline in the banks' debt to the Bank of Finland and the gradual reduction of the central bank credit quotas of the commercial banks produced a shift in the composition of central bank finance in favour of the call money market. Accordingly, the regulations governing access to central bank finance were revised in July: the quotas were reduced to a nominal level (Fmk 200 mill.), the right to exceed the quotas was rescinded, and the focal point of short-term liquidity management was shifted to the call money market, which is administered by the Bank of Finland.

At the end of August, the net foreign assets of the Bank of Finland began to decline. Initially this was because of the unwinding of speculative positions, which started well before a modest revaluation of the Finnmark in September. However, an emerging current account deficit and a pronounced rise in foreign interest rates which gave rise to an uncovered interest rate differential caused capital outflows to continue after the once-and-for-all effects of the revaluation and of revisions in the foreign exchange regulations had worked their way through. Since the offsetting movements in other items in the central bank balance sheet were not substantial, the change in foreign assets was mirrored largely in an increase in

the debt of the banks to the Bank of Finland. This automatic tightening of the domestic financial market was supplemented by policy action later in the year. The general level of interest rates was raised by 1 ¼ percentage points in connection with the revaluation and the call money rate was increased from roughly 9 per cent in October to well above 13 per cent in December.

The immediate prospects for the growth of the Finnish economy are still relatively bright despite the downturn of activity abroad. In particular, private fixed investment and consumption demand in combination with increased production for exports to the Soviet Union can be expected to buoy up growth

in 1980. Unemployment is forecast to fall further but will remain above the average for the 1970s.

There are, however, serious threats to sustained rapid growth with moderate inflation. Activity is expected to fall off in Finland's most important export markets, and a widening of the current account deficit may lead to a tightening of domestic financial conditions. Moreover, the impact of the relatively rapid rise in foreign trade prices has not yet worked its way through entirely to the Finnish economy. Well-conceived and consistent economic policy can help to deal with these problems.

December 27, 1979

BANK OF FINLAND

Mill. mk

	1978	1979			
	Dec. 31	Dec. 7	Dec. 14	Dec. 21	Dec. 31
Assets					
Gold and foreign exchange receivables	4 339	3 556	3 791	4 065	4 860
Gold ¹	169	169	169	176	1 073
Special drawing rights	316	450	450	450	430
IMF reserve tranche	243	236	236	236	225
Convertible currencies	3 126	2 572	2 796	3 057	2 978
Tied currencies	485	129	140	146	154
Other foreign receivables	1 968	2 889	2 880	2 852	2 803
Foreign bonds	872	1 783	1 774	1 746	1 749
Mark subscription to Finland's IMF quota	1 096	1 106	1 106	1 106	1 054
Receivables from financial institutions	3 695	4 964	5 584	5 130	4 538
Banks' cheque accounts	137	220	244	189	233
Discounted bills	970	—	—	—	—
Call money market advances	2 213	4 325	4 920	4 515	3 870
Bonds	361	390	394	404	408
Other financial institution receivables	14	29	26	22	27
Receivables from the public sector	633	867	869	885	884
Government promissory notes	188	346	346	346	346
Bonds	93	146	146	145	145
Total coinage	336	372	372	372	372
Other public sector receivables	16	3	5	22	21
Receivables from corporations	1 948	2 507	2 500	2 494	2 520
Financing of exports	904	1 213	1 201	1 199	1 230
Financing of domestic deliveries	752	945	947	951	952
Bonds	207	213	213	212	205
Other corporate receivables	85	136	139	132	133
Other assets	64	71	71	77	73
Total	12 647	14 854	15 695	15 503	15 678
Liabilities					
Foreign exchange liabilities	60	758	690	929	846
Convertible accounts	46	17	21	16	14
Tied accounts	14	741	669	913	832
Other foreign liabilities	2 195	1 899	1 899	1 906	1 818
IMF mark accounts	1 881	1 445	1 445	1 452	1 385
Allocations of special drawing rights	314	454	454	454	433
Notes and coins in circulation	3 822	4 438	4 688	4 742	4 375
Notes	3 509	4 091	4 338	4 386	4 020
Coins	313	347	350	356	355
Deposit certificates in circulation	1 090	2 040	2 040	2 040	1 700
Claims of financial institutions	2 520	2 599	3 285	2 858	3 043
Banks' cheque accounts	2	1	1	1	4
Call money market deposits	2 075	930	1 621	1 217	1 131
Cash reserve deposits	—	1 496	1 496	1 496	1 764
Capital import deposits	405	159	157	140	140
Other financial institution claims	38	13	10	4	4
Claims of the public sector	114	384	381	382	387
Cheque accounts	2	0	0	1	2
Counter-cyclical reserves	40	40	40	40	42
Capital import deposits	70	344	341	341	339
Other public sector claims	2	0	0	0	4
Claims of corporations	356	440	445	442	403
Deposits for investment and ship purchase	32	132	132	132	133
Capital import deposits	303	306	305	305	254
Import levy deposits	6	1	1	1	2
Other corporate claims	15	1	7	4	14
Other liabilities	12	16	14	14	13
Equalization accounts	350	371	369	341	1 252
Capital accounts	2 128	1 909	1 884	1 849	1 841
Primary capital	1 400	1 400	1 400	1 400	1 400
Reserve fund	545	636	636	636	636
Undisposed profits	—	—	—	—	—
Net earnings	183	-127	-152	-187	-195
Total	12 647	14 854	15 695	15 503	15 678

¹ As of Dec. 31, 1979 gold is valued at Fmk 35 per gramme, see item on page 30.

End of year or month	Foreign sector						Public sector			Deposit certificates in circulation	
	Gold and convertible exchange receivables ¹	Convertible exchange liabilities	Gold and convertible exchange reserves (1-2)	Tied exchange reserves	Other receivables	Other liabilities	Net receivables (3+4+5-6)	Receivables	Liabilities		Net liabilities (9-8)
	1	2	3	4	5	6	7	8	9	10	11
1973	1 928	65	1 863	210	803	788	2 088	200	534	334	1 450
1974	1 784	62	1 722	-388	1 123	788	1 669	302	560	258	1 040
1975	1 488	78	1 410	368	1 274	1 385	1 667	339	1 301	962	250
1976	1 361	50	1 311	389	1 660	1 923	1 437	447	1 133	686	—
1977	1 602	53	1 549	496	1 959	3 447	557	391	328	-63	200
1978	3 854	46	3 808	471	1 968	2 195	4 052	633	114	-519	1 090
1979	4 706	14	4 692	-678	2 803	1 818	4 999	884	387	-497	1 700

1979

Jan.	4 364	38	4 326	983	2 061	2 335	5 035	791	114	-677	1 718
Feb.	4 446	44	4 402	920	2 120	2 213	5 229	798	114	-684	1 718
March	4 508	39	4 469	754	2 288	2 213	5 298	821	113	-708	2 068
April	4 790	28	4 762	900	2 366	2 213	5 815	822	113	-709	2 288
May	4 906	25	4 881	824	2 548	2 077	6 176	828	112	-716	2 588
June	5 999	30	5 969	901	2 637	2 077	7 430	844	41	-803	3 378
July	5 867	20	5 847	770	2 796	2 077	7 336	853	373	-480	3 378
Aug.	6 523	26	6 497	504	2 971	1 899	8 073	848	374	-474	3 378
Sept.	5 054	20	5 034	186	3 107	1 899	6 428	859	364	-495	2 390
Oct	4 195	21	4 174	-157	2 966	1 899	5 084	866	388	-478	2 390
Nov.	3 460	23	3 437	-505	2 889	1 899	3 922	867	381	-486	2 040
Dec.	4 706	14	4 692	-678	2 803	1 818	4 999	884	387	-497	1 700

¹ As of Dec. 31, 1979 gold is valued at Fmk 35 per gramme, see item on page 30.

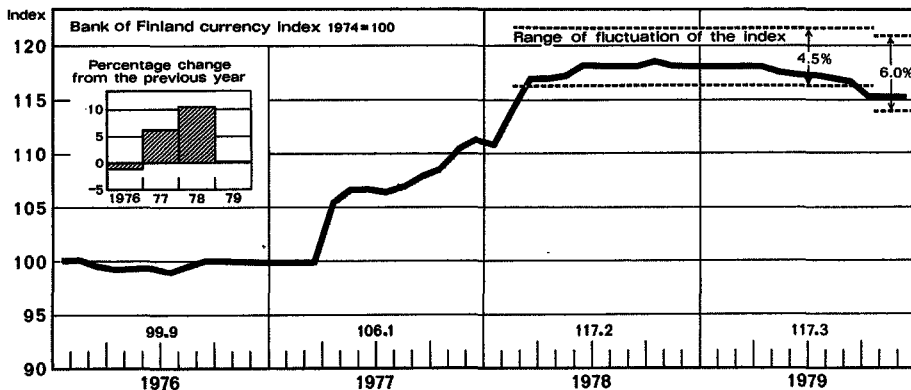
FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1978			Net holdings, Nov. 30, 1979			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	Nov.	Jan.-Nov.
Gold	169	—	169	169	—	169	—	—
Special drawing rights	315	—	315	450	—	450	-3	+135
IMF reserve tranche	243	—	243	236	—	236	—	-7
Convertible currencies	3 080	-2 072	1 008	2 583	-2 562	21	-204	-987
Total	3 807	-2 072	1 735	3 438	-2 562	876	-207	-859
Non-convertible currencies	471	152	623	-505	36	-541	-337	-1 164
Grand total	4 278	-1 920	2 358	2 933	-2 598	335	-544	-2 023

End of year or month	Domestic financial sector						Corporate sector				Notes and coins in circulation
	Discounted and rediscounted bills	Cheque account receivables, net	Demand for call money by deposit banks	Supply of call money by deposit banks	Cash reserve deposits	Other liabilities, net	Net receivables (1+2+3-4-5-6)	Permanent special financing schemes	Liabilities, net	Net receivables (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
1973	2 556	61	—	—	—	2	2 615	372	259	113	2 082
1974	3 034	110	—	—	—	-261	3 405	631	195	436	2 462
1975	3 385	130	372	95	—	-343	4 135	933	539	394	2 855
1976	2 920	172	1 204	1 137	—	-372	3 531	1 400	308	1 092	2 885
1977	3 091	107	1 804	850	—	-74	4 226	1 416	242	1 174	3 167
1978	970	136	2 213	2 075	—	69	1 175	1 948	356	1 592	3 822
1979	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375

1979											
Jan.	919	113	2 080	2 573	—	183	356	1 680	71	1 609	3 512
Feb.	891	168	2 431	3 135	—	95	260	1 669	37	1 632	3 653
March	829	113	1 735	2 138	—	-23	562	1 693	27	1 666	3 740
April	349	176	1 808	2 078	—	-116	371	1 673	10	1 663	3 822
May	379	138	1 368	1 589	115	-174	355	1 742	98	1 644	3 923
June	295	116	736	1 246	235	-210	-124	1 827	67	1 760	4 186
July	—	376	935	1 104	482	-287	12	1 884	55	1 829	4 025
Aug.	—	330	392	1 038	730	-276	-770	1 909	60	1 849	4 022
Sept.	—	119	1 919	1 334	989	-312	27	1 923	144	1 779	4 072
Oct.	—	232	2 894	1 058	1 232	-284	1 120	2 173	150	2 023	3 963
Nov.	—	192	3 735	836	1 496	-262	1 857	2 233	107	2 126	4 156
Dec.	—	229	3 870	1 131	1 764	-291	1 495	2 182	65	2 117	4 375



MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks ³ mill. mk	Cash reserve deposits of the commercial banks ³ mill. mk	Bank of Finland placements in the call money market, mill. mk	Basic discount rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks ¹ %
	1	2	3	4	5	6	7	8	9	10
1973	2 042	1 819	1 333	—	—	—	8.50	—	9.99	8.65
1974	3 204	2 840	2 494	—	—	—	9.25	—	10.57	9.52
1975	4 000	3 611	2 725	—	—	239 ²	9.25	26.80 ²	12.10	9.65
1976	4 001	3 345	2 400	—	—	79	9.25	18.40	12.38	9.69
1977	3 914	3 094	1 967	—	—	149	9.00	17.20	11.82	9.54
1978	3 573	2 070	1 475	—	—	90	7.58	11.99	8.88	8.22
1979	2 629	820	475	447	389	321	7.46	9.74

1979

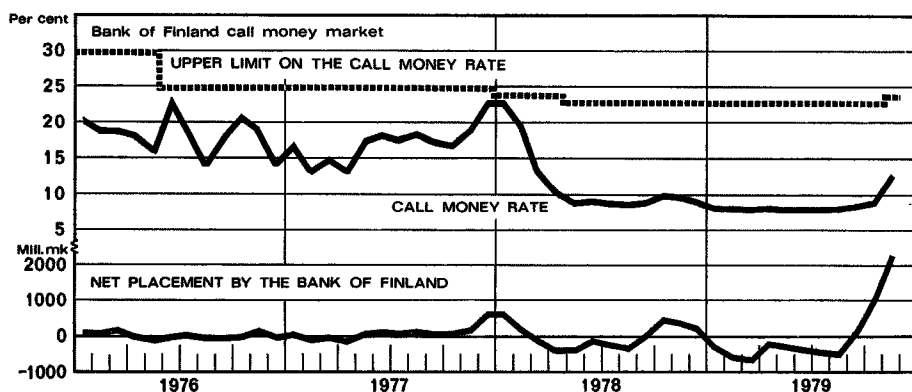
Jan.	3 334	838	1 000	—	—	—243	7.25	8.48	7.68	7.83
Feb.	3 814	553	1 000	—	—	—509	7.25	8.40	7.59	7.83
March	3 138	455	1 000	—	—	—588	7.25	8.29	7.53	7.81
April	2 682	417	500	—	—	—143	7.25	8.42	7.76	7.82
May	2 343	292	500	4	3	—226	7.25	8.35	7.65	7.83
June	1 499	200	500	123	108	—308	7.25	8.35	7.52	7.83
July	1 257	—180	200	243	212	—388	7.25	8.31	7.68	7.84
Aug.	784	—208	200	490	427	—407	7.25	8.36	7.61	7.83
Sept.	1 427	395	200	756	658	198	7.25	8.68	8.03	7.85
Oct.	2 905	1 216	200	997	868	1 018	7.25	9.13	8.50	7.85
Nov.	3 760	2 512	200	1 241	1 078	2 298	8.50	12.87	11.94	..
Dec.	4 603	3 350	200	1 505	1 316	3 151	8.50	13.53

See explanations on page 22.

¹ End of period.

² 1. 9.—31. 12. 1975.

³ See Bulletin April., 1979, page 1.



FOREIGN EXCHANGE RATES

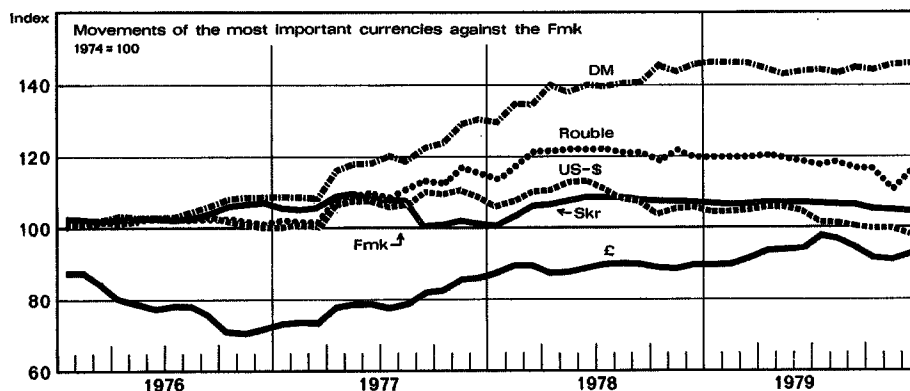
Average selling rates for foreign exchange, mk

Period	Average selling rates for foreign exchange, mk									Currency index 1974 = 100
	New York 1 US \$ USD	London 1 £ GBP	Stockholm 100 Skr SEK	Oslo 100 Nkr NOK	Copenhagen 100 Dkr DKK	Frankfurt 100 DM DEM	Zurich 100 Sfr CHF	Paris 100 FF FRF	Moscow 1 CI Rbl SUR	
	1	2	3	4	5	6	7	8	9	10
1973	3.816	9.355	87.76	66.64	63.47	144.34	121.22	86.10	5.159	102.5
1974	3.774	8.833	85.22	68.44	62.17	146.21	127.19	78.65	4.995	100.0
1975	3.679	8.155	88.80	70.59	64.21	149.80	142.64	86.00	5.093	101.1
1976	3.864	6.983	88.86	70.95	64.04	153.78	154.86	81.09	5.125	99.9
1977	4.029	7.042	90.21	75.83	67.23	174.15	168.70	82.16	5.475	106.1
1978	4.117	7.917	91.43	78.93	75.06	205.53	231.83	91.77	6.037	117.2
1979	3.896	8.275	91.12	77.22	74.38	212.75	234.36	91.88	5.941	117.3

1979

Jan.	3.967	7.970	91.55	78.66	77.65	214.91	237.78	93.88	6.018	118.5
Feb.	3.979	7.990	91.38	78.40	77.64	214.63	237.79	93.46	6.018	118.5
March	3.983	8.132	91.49	78.45	77.05	214.34	237.14	93.23	6.024	118.5
April	4.012	8.332	91.65	78.33	76.40	212.10	234.14	92.55	6.055	118.5
May	4.013	8.276	91.59	77.63	74.76	210.53	232.49	91.31	6.032	117.8
June	3.973	8.390	91.71	77.29	73.35	210.71	233.39	91.21	5.956	117.5
July	3.851	8.716	91.52	76.66	73.75	211.37	234.03	91.04	5.915	117.5
Aug.	3.845	8.620	91.34	76.71	73.25	210.34	232.22	90.59	5.942	117.2
Sept.	3.821	8.415	91.38	76.95	73.85	212.88	236.64	91.23	5.858	116.9
Oct.	3.780	8.132	90.09	76.39	72.57	211.60	232.68	90.46	5.845	115.4
Nov.	3.794	8.097	90.03	75.82	72.41	213.96	230.42	91.43	5.828	115.4
Dec.	3.735	8.233	89.67	75.39	69.89	215.60	233.65	92.22	5.798	115.4

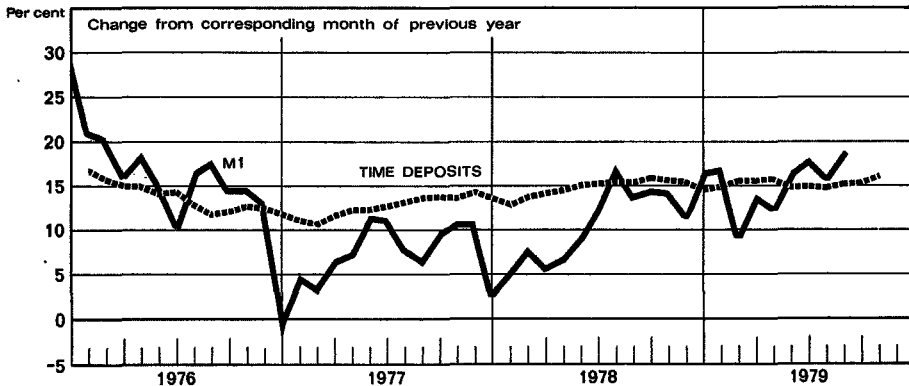
See explanations on page 22.



DEPOSITS BY THE PUBLIC

Mill. mk

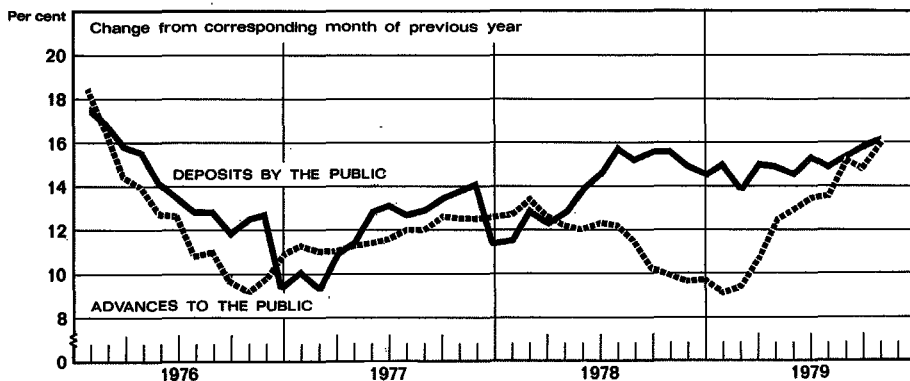
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commer- cial banks	Savings banks & Co-op. banks	Posti- pankki	All depos- it banks	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	All depos- it banks	
	1	2	3	4	5	6	7	8	9	10
1975	3 472	1 181	2 309	6 962	12 176	9 743	7 530	3 200	32 649	39 611
1976	3 071	1 357	2 336	6 764	13 282	11 051	8 610	3 665	36 608	43 372
1977	2 948	1 506	2 212	6 666	14 999	12 671	9 846	4 177	41 693	48 359
1978	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1978										
July	3 712	1 594	2 352	7 658	16 440	13 679	10 567	4 600	45 286	52 944
Aug.	3 716	1 718	2 237	7 671	16 323	13 956	10 796	4 681	45 756	53 427
Sept.	3 475	1 699	2 226	7 400	16 328	14 008	10 818	4 707	45 861	53 261
Oct.	3 792	1 756	2 106	7 654	16 484	14 081	10 890	4 696	46 151	53 805
Nov.	3 774	1 793	2 039	7 606	16 550	14 342	11 139	4 820	46 851	54 457
Dec.	3 887	1 676	2 052	7 615	17 035	14 641	11 286	4 900	47 862	55 477
1979										
Jan.	4 138	1 579	2 089	7 806	16 951	14 720	11 454	4 917	48 042	55 848
Feb.	3 544	1 629	2 081	7 254	17 267	15 045	11 716	5 004	49 032	56 286
March	3 717	1 589	2 108	7 414	17 521	15 231	11 803	5 085	49 640	57 054
April	3 837	1 670	1 995	7 502	17 816	15 405	11 966	5 112	50 299	57 801
May	4 244	1 777	2 271	8 292	17 692	15 584	12 140	5 140	50 556	58 848
June	4 373	1 842	2 678	8 893	17 978	15 932	12 330	5 176	51 416	60 309
July	4 160	1 944	2 700	8 804	18 189	16 153	12 481	5 253	52 076	60 880
Aug.	4 195	1 969	2 747	8 911	18 389	16 390	12 698	5 304	52 781	61 692
Sept.	3 900	2 053	2 818	8 771	18 441	16 447	12 716	5 350	52 954	61 725
Oct.	4 232	2 111	2 493	8 836	18 877	16 556	12 852	5 403	53 688	62 524



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by				Types of advances				Money Supply	
	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency	Total (1 to 4) (5 to 7)	M ₁	M ₁ + Quasi- Money
	1	2	3	4	5	6	7	8	9	10
1975	20 799	9 108	7 797	5 597	38 285	1 281	3 735	43 301	9 772	43 165
1976	22 077	10 615	9 247	6 120	42 617	1 569	3 873	48 059	9 601	47 014
1977	24 679	12 312	10 547	6 609	47 355	1 690	5 102	54 147	9 872	52 581
1978	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1978										
July	26 017	13 048	11 148	6 753	49 217	1 761	5 988	56 966	11 351	58 025
Aug.	25 771	13 241	11 367	6 650	49 649	1 659	5 721	57 029	11 177	58 501
Sept.	25 774	13 477	11 596	6 682	50 317	1 769	5 443	57 529	11 071	58 328
Oct.	25 862	13 658	11 755	6 670	51 022	1 772	5 151	57 945	11 129	58 611
Nov.	26 091	13 846	11 951	6 707	51 673	1 759	5 163	58 595	11 108	59 300
Dec.	26 324	14 092	12 181	6 847	52 517	1 723	5 204	59 444	11 496	60 682
1979										
Jan.	26 250	14 214	12 272	6 986	52 889	1 746	5 087	59 722	11 544	61 064
Feb.	26 735	14 373	12 348	7 160	53 558	1 876	5 182	60 616	11 102	61 615
March	27 186	14 446	12 446	7 196	53 701	1 805	5 768	61 274	11 442	62 463
April	28 170	14 598	12 548	7 342	54 374	1 816	6 468	62 658	11 577	63 203
May	28 384	14 826	12 747	7 423	55 035	1 761	6 584	63 380	12 435	64 350
June	28 860	14 991	12 940	7 631	55 528	1 781	7 113	64 422	13 269	65 833
July	28 758	15 224	13 124	7 603	56 256	1 839	6 614	64 709	13 161	66 293
Aug.	29 072	15 489	13 372	7 803	57 002	1 798	6 936	65 736	13 274	67 140
Sept.	28 923	15 732	13 595	7 848	57 931	1 914	6 253	66 098	13 008	67 117
Oct.	29 456	16 040	13 796	7 987	59 330	1 928	6 021	67 279	13 003	67 919



STATE FINANCES

Mill. mk

Revenue	Jan.—Oct.		Expenditure	Jan.—Oct.	
	1978	1979		1978	1979
Income and wealth tax (net)	7 406	8 524	Wages, salaries, pensions etc.	5 172	5 836
Gross receipts	(22 217)	(24 232)	Repair and maintenance	682	767
Refunds & local authorities	(-14 811)	(-15 708)	Other consumption expenditure	2 648	3 149
Other taxes on income and wealth	227	226	Total consumption expenditure	8 502	9 752
Employers' child allowance payments	869	433	State aid to local authorities	6 658	7 123
Sales tax	7 680	8 338	State aid to industries	3 893	5 289
Customs duties and import charges and levies	725	888	of which: agric. price subsidies	(2 063)	(2 337)
Excise duties	5 229	6 638	Child allowances	855	921
Excise duty on alcoholic beverages	1 636	2 003	Share in national pensions and sickness insurance schemes	268	278
Excise duty on tobacco	731	822	Other transfer expenditure	3 764	4 372
Excise duty on liquid fuel	1 866	2 113	Total transfer expenditure	15 438	17 983
Other excise duties	996	1 700	Machinery and equipment	1 135	1 144
Tax on autom. and motor-cycles	710	1 077	Construction of buildings	585	645
Stamp duties	652	719	Land and waterway construction	1 232	1 347
Special diesel etc. vehicles tax	136	135	Total real investment	2 952	3 136
Other taxes and similar revenue	680	794	Interest on State debt	420	643
Total taxes	24 314	27 772	Net deficit of State enterprises	-63	-346
Miscellaneous revenue	1 813	2 062	Other expenditure	41	44
Interest, dividends etc.	619	687	Total other expenditure	398	341
Redemptions of loans granted	376	462	Increase in inventories	-114	21
Total revenue	27 122	30 983	Lending	2 268	2 460
Foreign borrowing	2 488	2 289	Other financial investment	427	428
Domestic borrowing	1 785	1 898	Total expenditure	29 871	34 121
Total borrowing	4 273	4 187	Redemption of foreign loans	140	210
Deficit (+) or surplus (-)	-937	-27	Redemption of domestic loans	447	812
			Total redemptions	587	1 022
Total	30 458	35 143	Total	30 458	35 143

State debt	1976	1977	1978	1979		
	Dec.	Dec.		Dec.	Aug.	Sept.
Foreign debt	2 248	3 679	7 360	8 478	8 413	8 479
Loans	2 175	2 963	4 607	5 431	5 416	5 530
Compensatory obligations	1	1	1	1	1	1
Short-term credit	287	175	259	117	109	107
Cash debt (net)	-643	-669	-735	217	-401	-479
Domestic debt	1 820	2 470	4 132	5 766	5 125	5 159
Total State debt	4 068	6 149	11 492	14 244	13 538	13 638
Total debt mill \$	1 069	1 493	2 859	3 705	3 544	3 608

FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
1974	20 687	25 666	-4 979
1975	20 247	28 002	-7 755
1976	24 505	28 555	-4 050
1977	30 931	30 708	+223
1978	35 206	32 338	+2 868

1978			
Oct.	3 437	3 040	+397
Nov.	3 636	3 140	+496
Dec.	3 364	2 906	+458

1979*			
Jan.	3 438	3 564	-126
Feb.	2 813	2 389	+424
March	3 459	3 163	+296
April	3 375	3 159	+216
May	4 008	3 660	+348
June	3 495	3 325	+170
July	3 523	3 791	-268
Aug.	3 362	3 857	-495
Sept	3 357	3 869	-512
Oct.	4 375	4 330	+45

Jan.-Oct.			
1978	28 199	26 286	+1 913
1979*	35 205	35 107	+98

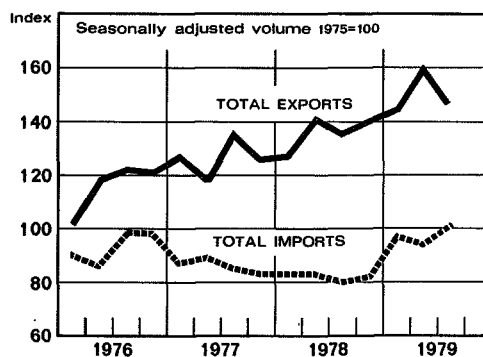
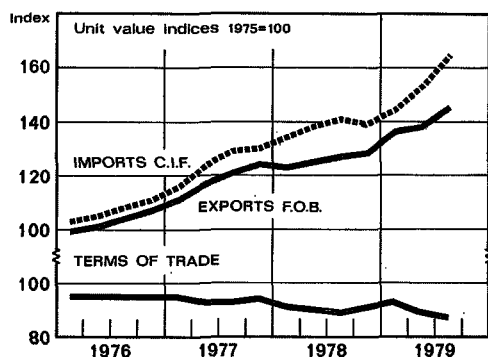
Indices of exports and imports
1975 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1974	121	100	85	
1975	100	100	100	100	100
1976	117	96	103	107	96
1977	129	88	119	124	96
1978	138	84	126	138	91

1977					
Jan.-March	123	83	112	117	96
Apr.-June	115	88	118	125	94
July-Sept.	129	84	122	130	94
Oct.-Dec.	143	93	125	131	95

1978					
Jan.-March	124	78	124	135	92
Apr.-June	136	83	126	139	91
July-Sept.	128	79	128	142	90
Oct.-Dec.	160	93	129	140	92

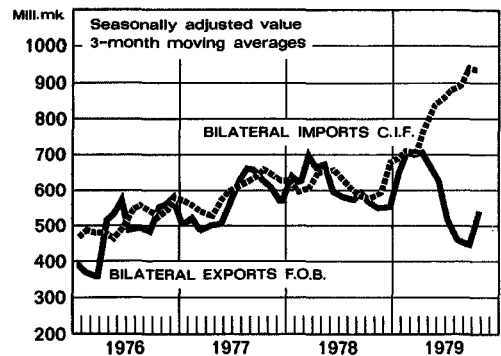
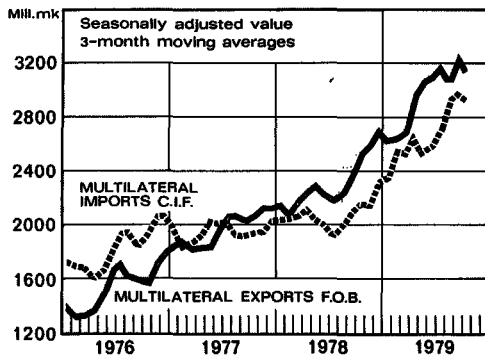
1979*					
Jan.-March	140	90	137	145	94
Apr.-June	154	94	139	154	90
July-Sept.	138	99	146	165	88



FOREIGN TRADE BY MAIN GROUPS

Mill. mk

Period	Exports, f.o.b.					Imports, c.i.f.				
	Agricultural and other primary products	Wood industry products	Paper industry products	Metal, engineering industry products	Other goods	Raw materials and producer goods	Fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
1974	464	3 153	7 872	4 245	4 953	16 525	1 978	3 857	3 282	24
1975	449	2 177	7 225	5 357	5 039	17 058	1 670	5 222	3 989	63
1976	804	2 892	7 860	6 891	6 058	17 828	1 581	4 966	4 103	77
1977	1 087	3 854	8 798	9 184	8 008	19 128	2 066	4 828	4 603	83
1978	966	4 641	10 402	9 593	9 604	20 431	2 224	4 801	4 830	52
1978										
Oct.	36	454	1 002	987	958	1 942	195	448	453	2
Nov.	50	498	918	1 122	1 048	2 069	197	408	462	4
Dec.	248	421	936	1 021	738	1 908	260	374	361	3
1979*										
Jan.	266	458	918	794	1 002	2 249	235	539	539	2
Feb.	16	337	890	725	845	1 623	83	315	367	1
March	258	327	1 128	797	949	1 964	64	529	604	2
April	17	441	1 107	896	914	1 950	110	585	511	3
May	187	590	1 148	923	1 160	2 338	275	434	612	1
June	47	599	1 010	815	1 024	2 197	319	366	433	10
July	59	557	1 034	891	982	2 322	523	463	467	16
Aug.	58	514	1 151	639	1 000	2 529	429	424	471	4
Sept.	52	495	949	833	1 028	2 473	385	472	497	42
Oct.	56	577	1 308	1 093	1 341	2 941	364	474	549	2
Jan.-Oct.										
1978	668	3 722	8 548	7 441	7 820	16 448	1 767	4 019	4 007	45
1979*	1 016	4 895	10 643	8 406	10 245	22 586	2 787	4 601	5 050	83



FOREIGN TRADE BY COUNTRIES¹

Mill. mk

Area and country	Exports, f. o. b.				Imports, c. i. f.			
	January—October				January—October			
	1978		1979*		1978		1979*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
OECD countries in Europe	61.9	17 458	67.8	23 871	58.6	15 391	57.2	20 079
Austria	0.7	207	0.7	241	1.3	352	1.3	457
Belgium and Luxembourg	1.6	461	1.5	517	1.8	478	1.9	658
Denmark	4.2	1 174	4.0	1 399	2.8	732	2.6	911
France	3.8	1 067	4.4	1 560	3.4	884	3.4	1 198
Federal Republic of Germany	10.2	2 886	11.1	3 903	13.6	3 565	13.3	4 657
Italy	1.7	473	2.1	753	2.3	605	2.4	857
Netherlands	3.7	1 047	4.2	1 476	2.9	759	2.8	976
Norway	4.5	1 265	5.7	1 998	2.7	719	2.4	842
Portugal	0.2	48	0.2	61	0.4	96	0.5	174
Spain	0.8	232	1.0	364	1.0	255	0.8	274
Sweden	14.6	4 107	15.6	5 477	14.4	3 793	14.3	5 027
Switzerland	1.7	478	1.7	612	2.1	552	1.9	663
United Kingdom	12.7	3 596	13.4	4 729	9.3	2 451	9.1	3 187
Other	1.5	417	2.2	781	0.6	150	0.5	198
OECD countries outside Europe	7.3	2 042	7.0	2 476	8.4	2 208	8.7	3 069
Canada	0.5	145	0.5	183	0.4	96	0.7	240
Japan	1.6	446	1.2	408	2.8	739	2.8	996
United States	4.1	1 152	4.4	1 563	5.0	1 309	5.0	1 756
Other	1.1	299	0.9	322	0.2	64	0.2	77
CMEA countries	21.3	6 005	15.8	5 558	23.1	6 079	23.7	8 330
Czechoslovakia	0.5	132	0.3	102	0.5	137	0.5	184
German Democratic Republic	0.7	197	0.9	299	0.6	163	0.6	203
Poland	0.6	181	0.4	154	2.4	619	1.9	681
Soviet Union	18.4	5 191	13.3	4 678	18.6	4 900	19.8	6 959
Other	1.1	304	0.9	325	1.0	260	0.9	303
Latin America	2.2	640	1.6	578	3.5	927	3.3	1 141
Argentina	0.2	61	0.3	100	0.2	58	0.3	102
Brazil	0.5	141	0.4	154	0.7	186	0.7	244
Colombia	0.1	34	0.1	48	1.2	320	0.9	320
Other	1.4	404	0.8	276	1.4	363	1.4	475
Other	7.3	2 054	7.8	2 722	6.4	1 681	7.1	2 488
GRAND TOTAL	100.0	28 199	100.0	35 205	100.0	26 286	100.0	35 107
of which								
EFTA countries	21.8	6 150	24.0	8 441	21.2	5 571	20.5	7 214
EEC countries	38.7	10 901	41.5	14 610	36.2	9 522	35.7	12 521
OECD countries	69.2	19 500	74.8	26 347	67.0	17 599	65.9	23 148

¹ New series. See explanations on page 22.

BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Unrequited transfers, net	Current account
1975	20 181	27 939	-7 758	+ 984	+105	+217	-6 452	-1 414	-108	-7 974
1976	24 372	28 472	-4 100	+1 193	+ 22	+245	-2 640	-1 749	-118	-4 507
1977	30 766	30 625	+ 141	+1 392	- 3	+411	+1 941	-2 434	-147	- 640
1978 *	35 024	32 243	+2 781	+1 683	+166	+958	+5 588	-2 853	-211	+2 524

1977

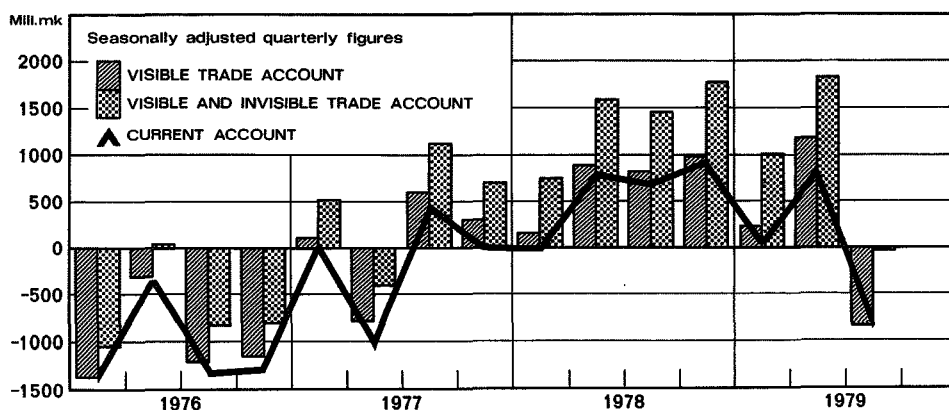
Jan.-March	6 977	6 765	+ 212	+ 331	- 80	+ 82	+ 545	- 506	-46	- 7
Apr.-June	6 817	7 689	- 872	+ 299	+ 10	+ 49	- 514	- 726	-12	-1 252
July-Sept.	7 931	7 671	+ 260	+ 377	+118	+180	+ 935	- 532	-30	+ 373
Oct.-Dec.	9 041	8 500	+ 541	+ 385	- 51	+100	+ 975	- 670	-59	+ 246

1978*

Jan.-March	7 745	7 357	+ 388	+ 378	- 66	+210	+ 910	- 613	-80	+ 217
Apr.-June	8 614	8 004	+ 610	+ 403	+ 11	+252	+1 276	- 820	-40	+ 416
July-Sept.	8 271	7 816	+ 455	+ 415	+222	+175	+1 267	- 644	-42	+ 581
Oct.-Dec.	10 394	9 066	+1 328	+ 487	- 1	+321	+2 135	- 776	-49	+1 310

1979*

Jan.-March	9 673	9 067	+ 606	+ 483	-105	+335	+1 319	- 685	-193	+ 441
Apr.-June	10 818	10 085	+ 733	+ 619	+ 21	- 9	+1 364	-1 002	- 80	+ 282
July-Sept.	10 193	11 464	-1 271	+ 653	+259	+132	- 227	- 703	- 40	- 970

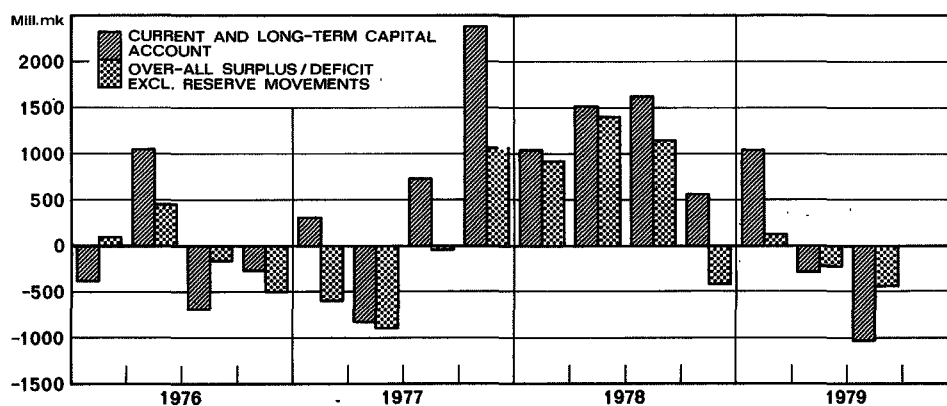


Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits net	Miscellaneous long-term capital items, net ¹	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Miscellaneous short-term capital items, incl. errors and omissions	Over-all surplus/deficit excl. reserve movements	Reserve movements	
										Bank of Finland	Other foreign exchange holders
+6 729	-1 445	-214	+ 62	+5 132	-2 842	+ 638	+1 449	+ 8	- 747	- 444	+1 191
+6 130	-1 785	-191	+ 48	+4 202	- 305	+ 138	-1 288	+1 327	- 128	+ 78	+ 50
+6 454	-2 745	-241	-229	+3 239	+2 599	-1 547	- 470	-1 071	- 489	- 170	+ 659
+9 007	-5 743	-774	-229	+2 261	+4 785	+ 130	-2 188	+ 313	+3 040	-2 339	- 701
+1 022	- 550	-127	- 24	+ 321	+ 314	- 799	+ 149	- 269	- 605	- 140	+ 745
+1 273	- 857	+ 35	- 37	+ 414	- 838	- 333	+ 149	+ 116	- 906	+ 358	+ 548
+1 252	- 647	-156	- 89	+ 360	+ 733	+ 227	- 384	- 631	- 55	- 319	+ 374
+2 907	- 691	+ 7	- 79	+2 144	+2 390	- 642	- 384	- 287	+1 077	- 69	-1 008
+1 876	- 854	-166	- 17	+ 839	+1 056	- 479	- 402	+ 749	+ 924	-1 556	+ 632
+2 900	-1 733	- 1	- 51	+1 115	+1 531	+ 328	- 402	- 57	+1 400	- 687	- 713
+2 265	-1 089	- 96	- 39	+1 041	+1 622	+ 20	- 692	+ 194	+1 144	- 607	- 537
+1 966	-2 067	-511	-122	- 734	+ 576	+ 261	- 692	- 573	- 428	+ 511	- 83
+2 202	-1 626	- 8	+ 50	+ 618	+1 059	- 46	- 63	- 823 ²	+ 127	- 913	+ 786
+1 267	-1 453	-218	-175	- 579	- 297	- 34	- 62	+ 157	- 236	-1 760	+1 996
+1 258	- 892	-336	-105	- 75	-1 045	+ 387	- 98	+ 300	- 456	+1 455	- 999

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

¹ Including Direct investment, net.

² Including Allocations of special drawing rights 139 million.

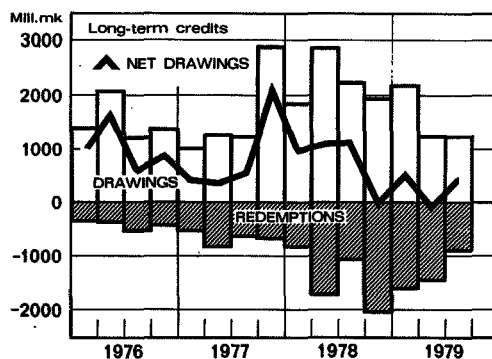
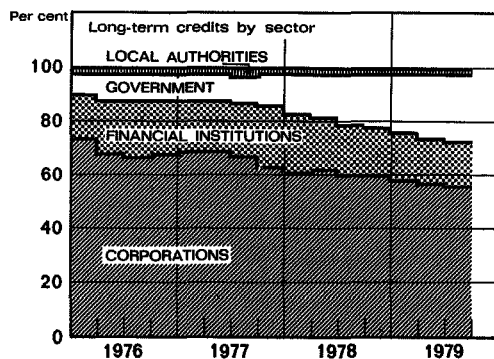


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

End of year and month	Long-term assets				Long-term liabilities					Net long-term liabilities (9-4)
	Export credits	Direct investment	Other	Total (1 to 3)	Financial loans	Import credits	Direct investment	Other	Total (5 to 8)	
	1	2	3	4	5	6	7	8	9	10
1975	1 871	1 224	364	3 459	14 295	3 373	1 125	109	18 902	15 443
1976	1 969	1 342	479	3 790	17 484	4 571	1 497	169	23 721	19 931
1977	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978*	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1976										
Sept.	1 910	1 310	425	3 645	17 045	4 321	1 273	155	22 794	19 149
Dec.	1 969	1 342	479	3 790	17 484	4 571	1 497	169	23 721	19 931
1977										
March	2 094	1 312	489	3 895	17 598	4 974	1 632	163	24 367	20 472
June	2 175	1 404	508	4 087	19 150	5 483	1 708	156	26 497	22 410
Sept.	2 238	1 499	713	4 450	20 364	5 509	1 700	156	27 729	23 279
Dec.	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
1978*										
March	2 499	1 673	840	5 012	25 107	6 068	1 774	159	33 108	28 096
June	2 517	1 759	862	5 138	26 769	6 134	1 865	159	34 927	29 789
Sept.	2 548	1 785	885	5 218	28 212	5 812	1 885	187	36 096	30 878
Dec.	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
1979*										
March	3 001	1 972	1 008	5 981	28 214	5 584	1 924	221	35 943	29 962
June	3 179	2 089	1 029	6 297	27 763	5 172	1 923	226	35 084	28 787
Sept.	3 419	2 226	1 066	6 711	27 724	4 956	1 930	232	34 842	28 131

See explanations on page 22.

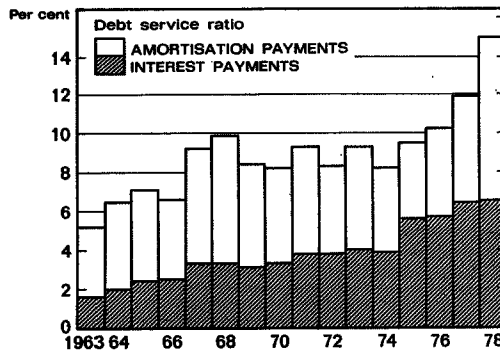
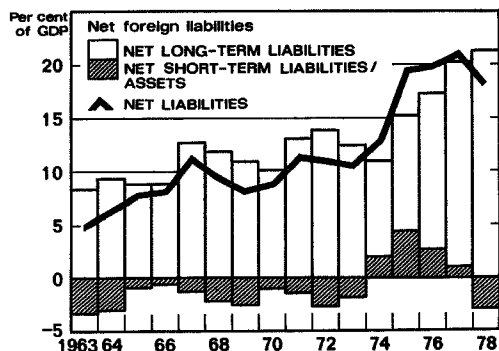


FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

Short-term assets				Short-term liabilities				Net short-term liabilities (18-14)	Net liabilities (10 + 19)	Debt service, flow	Of which amortisation payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (11 to 13)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (15 to 17)				
11	12	13	14	15	16	17	18	19	20	21	22
3 363	2 779	4 684	10 826	1 242	4 519	9 565	15 326	4 500	19 943	2 414	996
3 630	3 087	5 676	12 393	1 201	4 812	9 486	15 499	3 106	23 037	3 103	1 354
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	4 516	2 082
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	6 622	3 769
3 517	3 307	5 313	12 137	1 298	4 379	9 497	15 174	3 037	22 186	882	448
3 630	3 087	5 676	12 393	1 201	4 812	9 486	15 499	3 106	23 037	819	336
3 798	2 641	5 690	12 129	1 187	4 997	8 779	14 963	2 834	23 306	778	272
3 686	2 504	5 703	11 893	1 295	5 444	8 606	15 345	3 452	25 862	1 418	692
4 042	2 984	6 076	13 102	1 406	6 382	8 905	16 693	3 591	26 870	1 114	582
4 306	3 863	6 448	14 617	1 423	6 335	8 242	16 000	1 383	27 124	1 206	536
5 491	3 409	7 233	16 133	1 293	6 594	7 559	15 446	-687	27 409	1 392	779
6 748	4 097	7 456	18 301	1 772	6 610	7 751	16 133	-2 168	27 621	1 493	673
7 003	4 412	7 779	19 194	1 483	6 264	7 419	15 166	-4 028	26 850	1 628	984
6 545	4 617	8 170	19 332	1 478	6 379	7 302	15 159	-4 173	25 487	2 109	1 333
7 804	4 072	8 281	20 157	1 611	6 692	7 305	15 608	-4 549	25 413	1 969	1 284
9 871	3 939	8 466	22 276	1 604	8 404	7 376	17 384	-4 892	23 895	2 084	1 082
8 601	4 141	8 698	21 440	1 579	7 620	7 840	17 039	-4 401	23 730	1 307	604

See explanations on page 22.



PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975 = 100 ¹						Building costs 1973 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1977	692	119.2	119.7	117.3	114.1	132.7	121.3	171.4	154.0	175.9
1978	727	125.8	124.1	131.8	119.2	140.3	129.5	180.8	161.0	186.0
1979										
Jan.	752	130.4	128.5	137.1	123.9	145.4	133.5	188.1	169.5	192.6
Feb.	760	131.7	129.7	138.8	125.4	146.6	134.4	189.0	170.5	194.6
March	763	133.3	130.8	142.3	127.6	147.1	135.4	193.0	177.4	195.7
April	770	134.0	131.6	142.4	128.1	147.6	136.8	195.0	179.1	197.8
May	772	134.9	132.4	143.7	129.0	148.5	137.6	197.1	179.1	200.8
June	783	136.8	133.6	148.0	131.9	148.9	138.5	199.2	179.1	203.7
July	800	139.1	135.9	150.3	134.4	150.5	140.5	199.7	179.1	204.3
Aug.	796	139.9	136.5	151.6	135.4	151.9	140.6	201.0	179.1	206.5
Sept.	813	142.1	138.3	155.1	138.2	153.9	141.4	203.5	179.1	210.3
Oct.	822	143.6	139.9	156.8	139.8	155.5	142.9	205.0	179.1	212.4
Nov.	829	145.0	141.2	158.3	141.5	156.1	143.9	206.0	179.1	214.0

¹ New series, see item Bulletin 10/1979.

Period	Consumer prices 1977 = 100 ¹										
	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1978	107.8	104.4	114.6	105.8	106.3	106.4	105.2	112.4	111.1	108.2	109.2
1979											
Jan.	111.3	104.6	129.0	109.6	107.4	107.3	109.4	122.6	114.4	112.6	114.8
Feb.	112.6	106.6	129.4	110.4	111.4	107.2	109.8	122.8	114.6	112.9	115.4
March	113.4	107.5	129.4	111.7	111.4	109.0	110.2	122.8	116.4	112.8	115.9
April	114.4	107.8	129.4	115.5	111.4	108.9	112.6	123.4	118.1	115.1	116.8
May	114.8	107.9	129.4	116.0	113.0	108.9	112.9	123.4	117.8	115.5	117.4
June	115.6	108.1	129.4	116.0	113.0	114.3	113.5	123.4	120.4	115.7	117.9
July	116.2	109.1	129.5	114.6	113.0	114.9	114.9	123.8	122.1	115.8	118.3
Aug.	116.7	109.0	129.5	116.1	115.1	115.1	115.5	123.9	122.0	116.2	118.7
Sept.	117.7	109.8	129.5	118.4	115.1	120.5	116.3	124.9	123.4	116.8	119.4
Oct.	118.4	111.2	129.5	120.8	115.1	121.0	118.9	124.7	123.2	117.0	120.6
Nov.	119.3	112.3	129.4	122.8	115.6	121.4	119.4	126.9	123.3	117.8	123.0

¹ New series.

WAGES

Index of wage and salary earnings 1975 = 100¹

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							
1977	134.7	127.6	118.3	124.1	124.9	123.1	125.6	124.6	125.8	125.2
1978*	146.3	137.0	124.7	131.8	131.5	128.0	135.1	132.9	134.4	133.6
1978*										
Jan.-March	139.4	132.1	122.0	126.9	127.4	124.6	130.4	128.5	129.9	129.2
Apr.-June	144.3	135.6	123.0	128.9	128.8	125.5	133.1	130.3	132.7	131.5
July-Sept.	146.7	137.2	124.1	133.3	132.6	128.2	136.1	134.0	135.0	134.5
Oct.-Dec.	152.4	143.1	129.4	138.2	137.1	133.6	140.8	138.7	139.9	139.3
1979*										
Jan.-March	155.7	147.3	132.5	145.2	141.8	138.8	146.4	144.7	144.6	144.7
Apr.-June	159.9	154.3	136.7	148.8	145.4	142.0	151.3	147.8	150.4	149.1
July-Sept.	163.0	154.6	137.9	149.5	145.7	142.1	152.7	148.8	151.6	150.2

¹ See item on page 30.

PRODUCTION

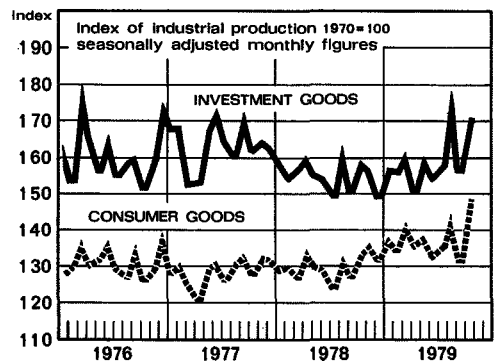
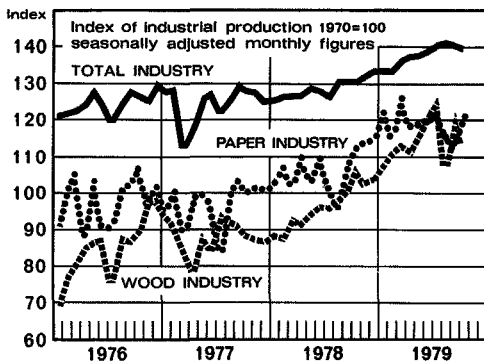
Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1977										
Apr.-June	100	102	87	118	76	90	93	94	110	104
July-Sept.	98	88	163	66	99	87	102	95	111	101
Oct.-Dec.	106	107	72	123	112	92	109	100	112	108
1978*										
Jan.-March	100	106	70	122	77	87	91	83	115	104
Apr.-June	102	107	80	110	79	90	101	92	115	108
July-Sept.	97	90	148	62	99	86	102	91	115	104
Oct.-Dec.	109	111	71	149	104	88	112	101	117	109
1979*										
Jan.-March	105	116	73	144	72	85	100	88	119	106
Apr.-June	109	114	79	169	72	90	112	101	118	111
July-Sept.	104	100	142	73	96	87	114	99	119	107

PRODUCTION

Index of industrial production 1970 = 100

Period	Total	Investment goods	Other producer goods	Consumer goods	Special indices of manufacturing						Total, adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1975	122	178	110	130	113	76	95	143	128	150	122
1976	125	162	116	132	110	85	99	153	121	150	125
1977	125	165	117	129	108	89	98	149	122	149	126
1978*	130	156	125	131	115	97	108	159	123	146	129
1978*											
Sept.	138	162	134	136	114	104	124	175	136	156	131
Oct.	146	176	141	146	137	116	128	191	140	165	131
Nov.	147	177	141	150	142	112	127	166	130	167	133
Dec.	129	145	125	131	114	87	105	154	109	142	134
1979*											
Jan.	145	172	142	142	113	104	128	190	118	164	134
Feb.	136	161	133	132	103	107	118	181	113	152	134
March	153	177	149	151	117	133	135	202	135	168	137
April	136	151	132	137	117	123	112	176	125	148	138
May	153	180	149	150	129	153	131	197	141	173	138
June	130	162	124	133	118	132	97	145	140	152	140
July	84	71	88	79	108	62	105	125	79	66	141
Aug.	146	175	139	152	129	105	130	185	142	164	142
Sept.	142	169	137	142	118	121	129	175	143	156	141
Oct.	158	190	152	162	146	131	138	191	160	179	140



LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1972 = 100	Wholesale volume index 1972 = 100
1975	3 513	2 272	2 221	51	2.2	29 133	122	127
1976	3 547	2 254	2 163	91	4.0	27 305	123	127
1977	3 561	2 248	2 111	137	6.1	27 814	113	120
1978	3 578	2 253	2 084	169	7.5	29 021	109	120
1978								
Dec.	3 586	2 211	2 047	164	7.4	3 294	139	137
1979*								
Jan.	3 587	2 210	2 025	185	8.4	3 335	101	117
Feb.	3 590	2 210	2 029	181	8.2	3 968	98	113
March	3 590	2 210	2 048	162	7.3	4 352	115	133
April	3 592	2 201	2 052	149	6.8	4 828	113	133
May	3 593	2 246	2 111	135	6.0	4 536	124	150
June	3 591	2 439	2 304	135	5.5	2 760	120	133
July	3 594	2 441	2 300	141	5.8	984	120	118
Aug.	3 592	2 347	2 227	120	5.1	1 368	124	145
Sept.	3 594	2 250	2 140	110	4.9	2 054	140	118
Oct.	3 597	2 247	2 131	116	5.2	3 007

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											
1976	46.89	19.95	3.93	15.81	3.84	41.25	17.74	3.16	15.40	2.59	51.85
1977	41.88	18.86	4.22	12.11	3.71	43.70	18.10	3.07	16.80	3.33	48.12
1978*	41.98	17.90	4.97	12.72	3.68	42.56	18.21	3.77	13.59	4.21	42.78
1978*											
Apr.-June	12.92	6.51	2.17	2.59	0.69	10.12	4.43	0.60	3.62	0.94	47.46
July-Sept.	11.07	4.12	1.04	4.33	0.85	10.31	3.83	1.21	3.19	1.12	48.76
Oct.-Dec.	7.79	3.54	0.74	1.74	1.21	13.07	6.02	1.29	3.44	1.38	42.78
1979*											
Jan.-March	7.75	3.32	1.23	1.95	0.77	7.38	3.37	0.69	2.42	0.62	39.45
Apr.-June	19.16	7.45	2.77	7.22	0.68	6.99	3.24	0.45	2.16	0.79	47.04
July-Sept.	11.74	4.47	1.32	3.79	1.16	7.92	3.18	1.15	2.06	0.87	52.84

EXPLANATIONS RELATING TO THE STATISTICAL SECTION

BANK OF FINLAND

The balance sheet of the Bank of Finland was revised on Dec. 31, 1974 and further revised from Dec. 31, 1978, when foreign bills were included in corporate sector receivables not in receivables from the foreign sector as earlier.

Page 4. *Foreign sector:* Gold and convertible exchange receivables = Gold + Special drawing rights + IMF reserve tranche + Convertible currencies.

Gold and convertible exchange reserve = Gold and convertible exchange receivables — Liabilities in convertible currencies.

Non-convertible exchange reserve = Receivables in tied currencies — Liabilities in tied currencies.

Other receivables = Foreign bonds + Mark subscription to Finland's quota in the IMF.

Other liabilities = IMF mark accounts + Allocations of special drawing rights + Term liabilities.

Public sector: Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables.

Liabilities = Cheque accounts + Counter-cyclical reserves + Capital import deposits + Other public sector claims.

Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

Page 5. *Domestic financial sector:* Other liabilities, net = Capital import deposits + Other financial institution claims — Bonds — Other financial institution receivables.

Corporate sector: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers credits.

Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Other corporate claims — Bonds — Other corporate receivables.

MONETARY POLICY INDICATORS

Page 6. All the figures except the Average lending rate of the commercial banks are mean values of daily figures for the month or year in question. The Average lending rate of the commercial banks is the mean value of end of the month lending rates weighted by credit outstanding.

Total central bank debt of the commercial banks = Discounted and rediscounted bills (until 30. 6. 1979, subsequently the banks have not been allowed to discount or rediscount bills) + net cheque account receivables from the commercial banks + call money debt + bond transactions with repurchase obligation — call money deposits by the commercial banks.

Actual central bank debt of the commercial banks = Total central bank debt — Postipankki's call money placements (or + Postipankki's call money overdrafts). Postipankki accounts for the bulk of the supply of call money from the deposit banks (supply of call money, see column 4 on page 5).

Credit quotas of the commercial banks at the Bank of Finland are the sum of individual quotas specifying the amount each bank eligible for central bank credit can borrow at the discount rate. Before July 1979, a progressively rising interest rate was charged on credit in excess of the quota up to an absolute ceiling on quota-related debt. From July 1979, no bank may exceed its quota on average over the month. On any given day quota-related borrowing may not exceed 2.5 times the quota. The interest on this borrowing is the basic discount rate.

Bank of Finland placements in the call money market = Demand for call money by the deposit banks — Supply of call money by the deposit banks. Average cost of the total central bank debt of the commercial banks: Net costs paid to the Bank of Finland by the commercial banks, as a percentage of their total central bank debt, per annum.

FOREIGN EXCHANGE RATES

Page 7. *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.

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

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

Page 8. *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 9. *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 10. Official figures computed by the Economic Department of the Ministry of Finance. Revenue and expenditure: Extra-budgetary funds and the aggregated net current deficit of State enterprises are included. Figures are reported on a cash payment basis. Debt: Foreign debt includes promissory notes given to international organizations. Cash debt (net) = net debt to the Bank of Finland plus short-term debt to Postipankki less cash holdings (net) of State departments and funds.

FOREIGN TRADE

Pages 11—13. Figures supplied by the Board of Customs. *Indices* (p. 11): 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. 13): from January 1978 imports by countries of origin exports by countries of consumption.

BALANCE OF PAYMENTS

Pages 14—15. Figures are calculated by the Bank of Finland. In addition to the Board of Customs figures, exports include grants in kind but exclude stevedoring expenses and imports include seamen's duty-free imports, grants in kind and adjusted allowance for smuggling.

FOREIGN ASSETS AND LIABILITIES

Pages 16—17. Figures calculated by the Bank of Finland. Long-term assets: Other = financial loans + Finland's subscriptions to international financial institutions. Long-term liabilities: Other = Leasing credits + subscriptions to international financial institutions paid in the form of bonds. Short-term assets: From 1978 the Bank of Finland's foreign bills are included in financing of exports and reclassified under the corporate sector.

Column 21 Debt service = Net investment income of short-term and long-term assets and liabilities + net amortisation payments of long-term foreign assets and liabilities.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings. 1978 Debt service does not include amortisation of the Bank of Finland credit facilities.

PRICE INDICES

Page 18. All indices calculated by the Central Statistical Office.

WAGES — PRODUCTION

Pages 19—20. Figures supplied by the Central Statistical Office. Page 20. *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. Commodities according to use: Investment goods weight 7.0, other producer goods weight 67.0 and consumer goods weight 26.0. The weights for the special manufacturing indices are food manufacturing (SIC 311-2) 9.8, manufacture of wood, and wood and cork products (SIC 311-2) 8.0, manufacture of paper and paper products (SIC 341) 15.2, manufacture of industrial chemicals (SIC 351-2) 5.2, manufacture of non-metallic mineral products except products of petroleum and coal (SIC 361-9) 3.6, and metal industry (SIC 37—38) 25.9.

LABOUR — TIMBER FELLINGS — INTERNAL TRADE — CONSTRUCTION OF BUILDINGS

Page 21. *Labour* figures supplied by the Central Statistical Office. *Commercial timber fellings* compiled by the Ministry of Labour. *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. Mr. Urho Kekkonen has been President since 1956 and he was re-elected for the period March 1, 1978, to March 1, 1984.

Parliament, comprising 200 members is elected by universal suffrage for a period of 4 years. The number of seats of the different parties in Parliament elected in 1979 is as follows: Social Democratic Party of Finland 52, National Coalition Party 47, Centre Party 36, Democratic League of the People of Finland 35, Swedish Party 10, Christian League of Finland 10, Finnish Rural Party 6 and Liberal Party 4.

INTERNATIONAL ORGANIZATIONS

Finland became a member of BIS 1930, IMF 1948, IBRD 1948, GATT 1950, UN 1955, IFC 1956, IDA 1960, EFTA 1961, ADB 1966, OECD 1969, and IDB 1977.

LAND

THE AREA is 337 000 square kilometres (Great Britain's area is 245 000 sq. km and Italy's area 301 000 sq. km). Of the total, inland waters form 9.4%. Of the land area (1970) 2.7 mill. ha (9.6%) are cultivated and 19.1 mill. ha (68.4%) are covered by forests.

OWNERSHIP OF LAND (1970): The total land area was distributed among different classes of owners approximately as follows: private 60.7%, State 29.4%, joint stock companies etc. 8.0%, municipalities and parishes 1.9%.

POPULATION

NUMBER OF INHABITANTS (1977): 4.7 million. Sweden 8.3, Switzerland 6.3, Denmark 5.1, and Norway 4.0 million.

DENSITY OF POPULATION (1977): In South Finland 46.4, in East and Central Finland 13.9, in North Finland 4.0 and in the whole country an average of 15.5 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1977): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 487 519 inhabitants, Tampere (Tammerfors) 166 118, Turku (Åbo) 165 215.

EMPLOYMENT (1977): Agriculture and forestry 13%, industry and construction 35%, commerce 15%, transport and communication 7%, services 30%.

LANGUAGE (1977): Finnish speaking 93.4%, Swedish speaking 6.4%, others 0.2%.

EDUCATION (1978): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 14 colleges of university standard.

CHANGE OF POPULATION (1977): births 13.9 ‰, deaths 9.4 ‰, change + 2.2 ‰, net emigration — 2.2 ‰. Deaths in France 10.1 ‰ and Great Britain 11.7 ‰.

TRADE AND TRANSPORT

NATIONAL INCOME (1978, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 6 272 (5%), forestry and fishing 5 409 (4%), manufacturing 35 784 (31%), construction 10 300 (9%), transport and communication 12 683 (11%), commerce, banking and insurance 15 956 (14%), public administration 6 578 (6%), ownership of dwellings 4 401 (4%), services 19 164 (16%) total 116 547. Index of real domestic product 166 (1964 = 100).

FOREST RESOURCES (1977): The growing stock comprised of 1 520 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, 637 million m³ was up to the standard required for logs, 56% of these being pine. The annual growth was 57.4 million m³ and the total removal, calculated on the basis of roundwood consumption, was 40.7 million m³.

AGRICULTURE (1977): Cultivated land 2.3 million hectares. Number of holdings 237 700 of which 162 000 are of more than 5 ha. Measure of self-sufficiency in bread cereals 125%.

INDUSTRY (1977): Gross value of industrial production 103 579 mill. marks, number of workers 400 287, salaried employees 135 280, motive power (1977) 7.2 mill. kW. Index of industrial production 125 for 1977 (1970 = 100).

STATE RAILWAYS (Jan. 1, 1979): Length 6 063 km.

MERCHANT FLEET (Sept. 30, 1979): Passenger vessels 131 (204 642 gross reg. tons), tankers 41 (1 193 557 gross reg. tons), dry cargo vessels 213 (1 013 202 gross reg. tons), other vessels 79 (10 451 gross reg. tons), total 464 (2 421 852 gross reg. tons).

MOTOR VEHICLES (Dec. 31 1978): Passenger cars 1 115 300, lorries and vans 139 100, buses 8 800, others 7 600, total 1 270 800.

FINNISH AIRLINES (March 31, 1979): Finnair and Kar-Air have in use 4 DC-8, 1 DC-6-ST, 8 Super Caravelles, 9 DC-9, 7 DC-9-51, 2 DC-10-30 and 4 Conqair Metropolitans. Companies have scheduled traffic outside of Finland to 30 airports and to 20 domestic airports.

FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbi 18.8, Skr 17.5, £ 14.1, DM 13.5, \$ 9.3, other currencies 26.8. The permissible range of fluctuation is about 3 per cent on either side of the arithmetic mean. The fluctuation limits are 121.0 and 114.0.

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, 1978). There are two big and five small commercial banks with in all 858 offices, 280 savings banks, 374 co-operative banks, six mortgage banks, Posti-pankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-seven private insurance companies also grant credits.

RATES OF INTEREST (Nov. 1, 1979). The official discount rate of the Bank of Finland (the basic rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility) is 8 ¼%. The range of rates for other credits granted by the Bank of Finland is between 6 ¾% and 9 ¾%. Other credit institutions time deposits 4 ¼%; 6 month deposits 5 ½%; 12 month deposits 7%; 24 month deposits 8 ¼%; 36 month deposits 9% + savings premium; 36 month deposits 9% + tax concession. The highest lending rate 11 ¾%.

THE ROLE OF KNOW-HOW TRADE IN FINLAND'S BALANCE OF PAYMENTS

by Pirkko Miikkulainen, M.A.
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Trade in technical expertise, which generally refers to the technical know-how needed in the planning and implementation of investment projects, has changed markedly in Finland in the 1970s; from having been almost negligible in the 1950s and 1960s, the share of this trade has in the present decade increased to more than 2 per cent of total visible and invisible trade. Moreover, the increase has largely been confined to exports and has thus strengthened the country's external balance in a significant way since in 1978 and 1979 the surplus on this trade amounted to some 1 000 million marks. These developments, which have been quite spectacular by international standards, are largely a reflection of the specialization and the high level of technical know-how in certain industries in the Finnish economy.

	1971		1978	
	Receipts, mill.mk	Expendi- ture, mill.mk	Receipts, mill.mk	Expendi- ture mill.mk
Invisible trade account	2 610	1 637	8 704	5 897
Technical ex- pertise	42	69	1 413	481
CURRENT ACCOUNT	12 700	14 122	44 527	42 003

THE RECORDING OF TECHNICAL KNOW-HOW TRADE IN FINLAND'S BALANCE OF PAYMENTS

The export of expertise and know-how refers mainly to the planning and implementation of investment projects abroad, but the expenses caused by the firm's management, marketing and training of labour as well as the wages and salaries paid to persons working on the building sites are also entered in the know-how

item. However, this item does not include payments for building material deliveries connected with the project deal; these are recorded as visible exports or imports. Licences and royalties are also excluded.

The foreign exchange statistics of the Bank of Finland are used as the basic source of information. The Central Bank receives monthly currency-by-currency data on the foreign exchange purchased and sold by Finnish authorized banks. In the foreign exchange statistics, the items related to technical expertise trade are presented as separate categories under the following headings: expert fees, building contracts, technical expert advising, consultancy services, including engineering work and related building projects and architectural services. In addition, foreign exchange data are corrected in the following ways: exporters of technical expertise are entitled to keep foreign cheque accounts with overdraft facilities, but they are obliged to report the entries made on these accounts. On the basis of these reports, the Bank of Finland records as foreign exchange receipts and expenditure the foreign exchange which has not been repatriated but used for the payment of foreign expenses. At present, these receipts and expenditure total 100 to 150 million marks per year;

with the aid of the data compiled by the National Board of Customs, the value of visible exports is eliminated from the receipts of the construction projects in the Soviet Union.

All in all, the data based on foreign exchange statistics seem to provide quite reliable information on total trade of technical expertise.

TABLE 1. FINLAND'S KNOW-HOW TRADE IN 1960-1979

Year	Receipts, mill.mk	Change from the previous year, per cent	Expenditure, mill.mk	Change from the previous year, per cent	Net, mill.mk
1960	2		7		-5
1961	2		11		-9
1962	2		11		-9
1963	4		12		-8
1964	4		15		-11
1965	7	75	26	73	-19
1966	6	-14	29	12	-23
1967	6	0	37	28	-31
1968	17	183	43	16	-26
1969	34	100	51	19	-17
1970	39	15	77	51	-38
1971	42	8	69	-10	-27
1972	47	12	92	33	-45
1973	99	111	114	24	-15
1974	207	109	149	31	58
1975	360	74	158	6	202
1976	373	4	231	46	142
1977	677	82	323	40	354
1978	1 413	109	481	49	932
1979 ¹	1 500	6	500	4	1 000

¹ Preliminary data

However, the statistics, which are based on receipts and expenditure in different currencies, cannot provide a clear picture of trade by country, since certain key currencies, such as the USD, the GBP and the DEM, are also used in trade with third countries.

RECEIPTS FROM EXPORTS OF TECHNICAL EXPERTISE

There have been great variations over time in the nature and type of exports of technical expertise. These have included feasibility studies, preliminary investment estimates and profitability studies. The comprehensive planning of potential projects has represented another clearly defined category of assignments. Moreover, exports of technical expertise include technical and economic surveys, the administrative control of projects, the training of labour and start-up supervision.

This kind of export trade started as early as the 1930s with the delivery of a sulphite mill

to Estonia and continued in the following decade with exports of metal industry know-how to the Soviet Union. In the 1950s, consultancy services contributed to the exports of technical expertise but up to the end of the 1960s exports were mainly centred on the construction of hydroelectric power stations and pulp and paper industry combines. In the 1970s, these exports have also included the construction of infrastructure, the development of agriculture and the trading in management and marketing know-how. In recent years, exports of consultancy services have also increased rapidly.

Receipts from exports of technical expertise have more or less doubled every year since 1973. Finns have planned and, to a large extent, already completed several significant projects in the Soviet Union: the forestry centre of Pääjärvi, the extension and renovation of the pulp and paper mill at Svetogorsk, the construction of a dressing plant at Kostamus and of a nickel and copper smeltery at Norilsk in 1974. There has also been rapid growth in exports to the Middle East since 1975, involving, among other things, the participation in the construction of the region's infrastructure, power plants in Iran, a conference centre and vocational schools in Iraq and water-works and printing works in Saudi Arabia. Exports to the developing countries have included the construction of schools, hospitals and infrastructure, and the implementation of afforestation and aerial photography projects.

TABLE 2. PERCENTAGE BREAKDOWN OF INVISIBLE TRADE ACCOUNT RECEIPTS ARISING FROM EXPORTS OF TECHNICAL EXPERTISE IN 1975-1978, BY MAJOR CURRENCY

Currency	1975	1976	1977	1978
USD	3	23	29	34
SEK	15	21	15	4
NOK	1	1	2	2
DEM	1	2	2	2
SUR	68	28	45	47
Other currencies	12	25	7	11
Total, per cent	100	100	100	100
Total, mill.mk	360	373	677	1 413

As noted above, it is not possible to get an exact picture of the trade by country. However, the above table shows that on a currency basis the major part of receipts from exports of Finnish technical expertise has been in clearing roubles (SUR), which in recent years have accounted on average for almost 50 per cent of total receipts. In fact, the rapid increase in receipts in the early 1970s was based almost exclusively on an increase in roubles. In the mid-1970s, when Finland exported paper-machine technology to Sweden, the Swedish krona (SEK) accounted for nearly 20 per cent of total receipts. However, in 1978 the share of the krona fell to a few per cent. The share of the U.S. dollar (USD) has grown markedly, and amounts at present to more than 30 per cent. The increased use of the dollar as the payment currency is a consequence of an increase in exports to OPEC countries. As a result of the North Sea oil discoveries, Norway has imported technical expertise also from Finland, which has been reflected in a slight increase in the share of the Norwegian krone (NOK). Of the other currencies, the Saudi Arabian rial (SAR) has been the most important.

EXPENDITURE ON TECHNICAL EXPERTISE

The growth in the expenditure on technical expertise has been closely linked to the structural development of the domestic economy. In the 1960s, the expenditures consisted mainly of special fees paid for technical services rendered to Finnish firms, such as ship classification and the quality control of goods. But technical expertise was also imported to develop the metal and the forest industries, as well as the chemical industries and to help expand energy production. Imports of so-called hard technology began in the late 1960s, chiefly in connection with the construction of nuclear power plants.

Throughout the 1970s, ordinary expenditure on foreign planning and construction projects, such as power plant projects, has varied between 100 and 200 million marks annually,

while it totalled 10 to 50 million marks per year during the previous decade. In the most recent years, the marked increase in outlays is a reflection of wage and overhead costs to foreign residents engaged in Finnish projects abroad. In fact, such expenses accounted for half of total expenditure in 1977—78.

This is also seen in the use of currencies in purchases of technical expertise; in 1977—1978 the share of the U.S. dollar in total expenditure increased to more than 30 per cent, which was almost entirely attributable to this phenomenon. Imports of technical expertise in recent years have mainly involved the construction of power plants. The large share of the Swedish krona in the expenditures in 1975—76 was mainly due to expenses incurred by the construction of a nuclear power plant at Olkiluoto. Rouble expenditure has also consisted mainly of expenses arising from the construction of power plants. The German Mark (DEM) has accounted for 15 per cent, while other currencies have accounted for a third of total expenditure.

TABLE 3. PERCENTAGE BREAKDOWN OF IN-VISIBLE TRADE ACCOUNT EXPENDITURE ARISING FROM IMPORTS OF TECHNICAL EXPERTISE IN 1975—1978, BY MAJOR CURRENCY

Currency	1975	1976	1977	1978
USD	10	16	36	34
SEK	33	32	23	15
NOK	4	3	1	1
DEM	15	13	14	10
SUR	3	3	2	6
Other currencies	35	33	24	34
Total, per cent	100	100	100	100
Total, mill.mk	158	231	323	481

GROWTH PROSPECTS OF TECHNICAL KNOW-HOW TRADE

Given the high level of technical know-how in certain sectors as well as a generally well-trained labour force, the prospects for a continued expansion of exports of technical ex-

expertise seem bright. Furthermore, several plans have been concluded which provide for co-operation on export projects to third countries. However, much will depend on developments in the world economy, even if recent history indicates that firms' willingness to increase their export efforts in this field has been boosted

in periods of slack domestic economic conditions. But even if no large increases in expenditure on technical expertise are in sight, the available resources will set a limit for the expansion of exports, and the surplus on this kind of trade is unlikely to grow at a significant rate in the coming years.

ITEMS

Supplementary budgets. The third supplementary budget for 1979 was approved by Parliament in October and the fourth supplementary budget in December. Budgeted state expenditure for 1979 totals 47 175 million marks, 15.9 per cent more than for 1978, whereas budgeted state revenue amounts to 46 518 million marks. The four supplementary budgets involved a 3 644 million mark or 8.4 per cent addition of expenditure to the ordinary budget of 43 530 million marks.

The third supplementary budget, involving outlays of 349 million marks, was based on a decision in principle by the Council of State to provide the necessary prerequisites for the continued domestic production of television picture tubes. The financing granted in this supplementary budget was associated with arrangements by which the production of picture tubes would be transferred from Valco Oy (a company with a majority government shareholding due to discontinue its operations) to a subsidiary of Valmet Oy, also predominantly state-owned.

Budgeted expenditure in the fourth supplementary budget totalled 1 474 million marks. In accordance with normal practice, the last supplementary budget for the year included such increases in expenditure which were caused by greater-than-forecast rises in costs, and other such factors. Similarly, unforeseen additional accrual of income was entered as revenue. In the fourth supplementary budget, such extra revenue amounted to 1 968 million marks.

The largest single item of expenditure in the last supplementary budget for 1979 is a 575 million marks transfer to the Import Price Equalization Fund due to a sharp increase in import prices of oil products. The Import Price Equalization Fund collects or pays price-differential compensations, which depend

on the price relation between oil products refined in Finland and their imported equivalents. The relatively larger rises in the prices of imported oil products resulted in a substantial increase in price-differential compensations during 1979. In the fourth supplementary budget, 90 million marks was set aside for buffer-stock oil purchases. A sum of 157 million marks was earmarked for public investment expenditure so as to secure employment.

Trade agreement between Finland and the U.S.S.R. for 1980. The protocol governing the exchange of commodities between Finland and the Soviet Union in 1980 was signed in Helsinki on December 4, 1979. It is the last annual protocol included in the current five-year agreement. It is estimated that in 1980 the total value of commodities exchanged, including construction projects, will amount to some three thousand million roubles or approximately 18 thousand million marks.

Nearly half of Finland's exports are metal industry products, the largest product groups being those of ships and ship equipment, machinery and equipment, cables, steels and other metal industry products. A total of 28 ships of various types will be delivered to the Soviet Union in 1980, and the total value of the deliveries of the shipbuilding industry, including ship equipment and ship repairs, is approximately 240 million roubles or close to 1 500 million marks. The value of the traditional metal industry quotas of machinery and equipment amounts to 224 million roubles, i.e. well over 1 300 million marks, but several of the quotas may be exceeded. The largest individual quotas will be deliveries of machines and equipment for the wood-processing industry, lifting and transport equipment, machines for the mining industry and products for the electrotechnical industry. In addition, the

protocol includes a quota of 40 million roubles or approximately 240 million marks for other, mainly unspecified, machines and equipment. As far as possible, the delivery potentialities of Finland's small and medium-sized industries have also been taken into account in fixing the quotas. The quotas for cables, steels and other metal industry products total approximately 80 million roubles or 480 million marks.

The aggregate value of the second main group of exports from Finland, i.e. forest industry products, is approximately 380 million roubles or 2 300 million marks, nearly 100 million roubles or approximately 600 million marks more than in 1979.

Exports of chemical industry products will increase and diversify. Under the protocol, the export of agricultural products to the Soviet Union amounts to some 70 million roubles, i.e. 420 million marks, which means an increase of nearly 30 million roubles or 180 million marks on the agreement for 1979. As in previous years the major export products are dairy products, meat and meat products and eggs.

Consumer goods exports to the Soviet Union this year will exceed 100 million roubles or 600 million marks, 60 per cent more than the value of deliveries in 1979. The largest groups are those of leather footwear, leather products, garments and knitted goods. The quota for furniture was fixed at 21 million roubles, which exceeds the quota for 1979 by well over 10 million roubles.

Under the five-year agreement, Finland's imports will centre on deliveries of energy. The import quota for crude oil is 7.0 million tons, for diesel oil 1.5—2.0 million tons and for heavy fuel oil 1.5 million tons. The annual quota for natural gas is 1 050 million cubic metres. The energy deliveries will be complemented by the import of nuclear fuel, coal, coke and electricity from the Soviet Union.

Imports of machines and equipment from the Soviet Union will be both increased and diversified, their aggregate value amounting

to approximately 130 million roubles or close to 800 million marks. Among the major imports are machine tools for metal and wood working, pressing machines, passenger cars as well as certain other machines and equipment subject to agreement by the parties concerned.

Other imports of major value from the Soviet Union are timber, various chemical industry products, fertilizers, various metals as well as raw materials and alloys for the metallurgical industry.

As before, the co-operation in joint ventures as well as the border trade between Finland and the Soviet Union will be continued under separate contracts to be concluded by the parties concerned.

Social Security in Finland. According to a survey published by the Economic Planning Center, the share of social expenditure in GDP has grown from 8 to 22 per cent over the past three decades. The survey reports that, except in a few special cases, the social security system now covers the whole population. Nevertheless, social expenditure is lower in Finland than in the rest of the Nordic countries.

In the survey it is emphasised that social expenditure should not only be looked upon as costs incurred upon society. The expansion of the services has raised total output and created new jobs. The number of jobs in the social and health sector has gone up by about a hundred thousand in twenty years. That part of private consumption which has been financed by means of income transfers grew from 10 to 20 per cent during 1960—1978, and this has especially improved the consumption opportunities of people with low income.

All in all, the growth of social expenditure is estimated to slow down, although some expenditure groups will expand fairly rapidly in the next few years. Labour pensions will account for the sharpest increase.

The compilers of the survey believe that the distribution of income between the active and passive population may have to be taken up for reconsideration if economic growth decelerates and the increase in earnings of the working population falls.

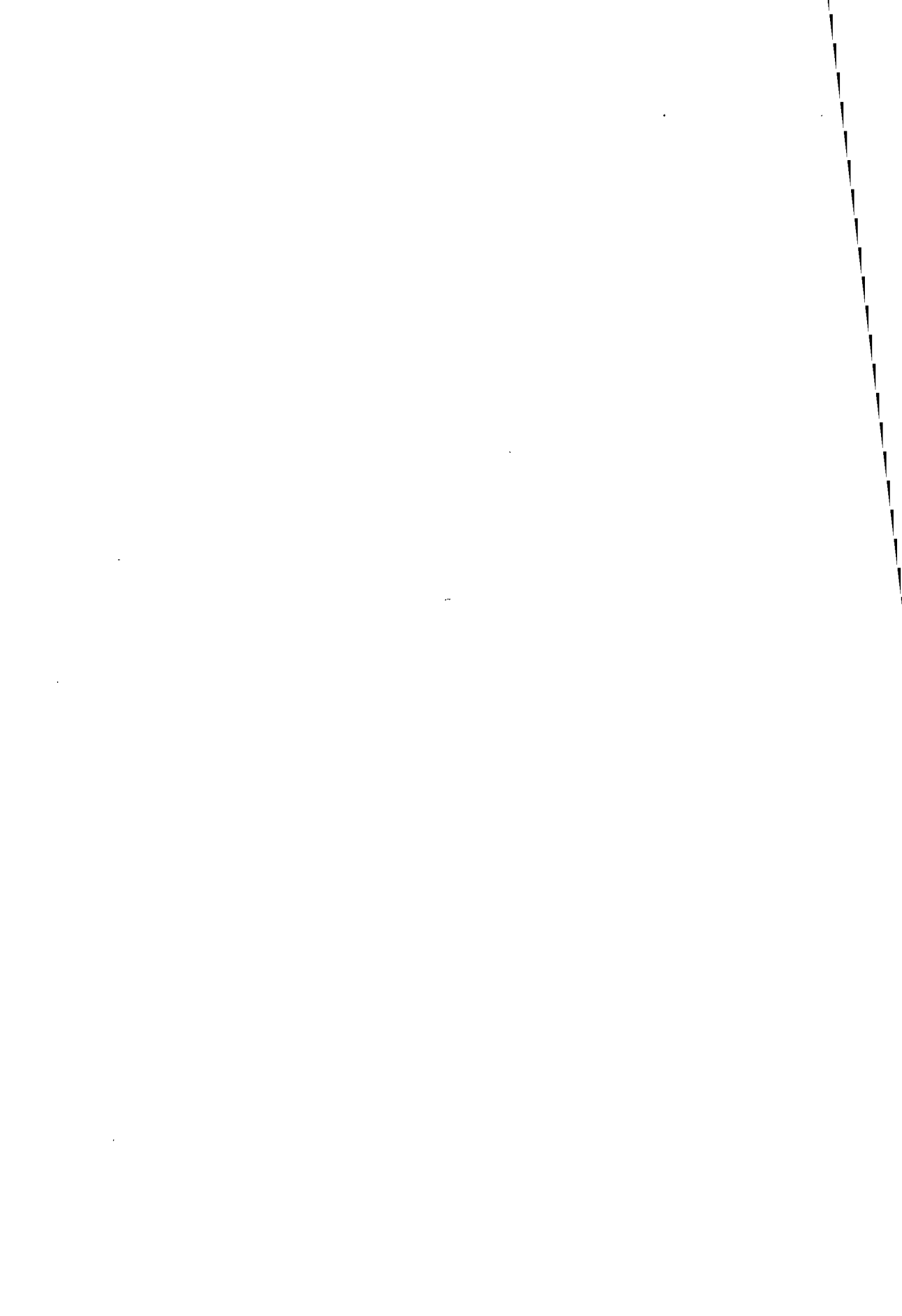
Change in valuation procedure for gold.

As of December 31, 1979 gold is valued in the Bank of Finland's accounts at 35 Finnish markkaa per 1 gramme of fine gold which is equivalent to about 290 United States dollars per troy ounce. Previously gold was valued according to the official, but now historical, price, i.e. 1 troy ounce of fine gold equal to SDR 35. The new valuation method has been adopted with a view to making the value of gold appearing in the Bank of Finland's accounts resemble more closely the market value of gold; a general tendency shared by many countries.

Index of wage and salary earnings 1975 = 100. The Central Statistical Office has replaced

the index of wage and salary earnings 1964 = 100 by a new index officially called the »Index of wage and salary earnings 1975 = 100». The choice of base year and time of introduction have been determined by the renewal of the national accounts, in which 1975 is the base year for fixed price figures. The weight structure of the new index is based on wage bill information for 1975 obtained from the revised national accounts and statistical data on wages and salaries. The renewal of the index also involved establishing a uniform concept of earnings and the incorporation of new statistical data, thus making it possible to dispense with surrogate series almost completely.

The concept of earnings is defined as those wages and salaries earned during regular working hours. In the quarterly statistics these are represented by the average hourly pay for hours worked excluding sunday and overtime compensation, whereas the annual statistics are based on the average monthly pay for hours worked excluding sunday and overtime compensations.



BANK OF FINLAND

Board of Management

Mauno Koivisto

Governor, absent as Prime Minister

Ahti Karjalainen

Deputy Governor, Acting Governor

Pentti Uusivirta

Rolf Kullberg

Deputy Governor, ad int.

Ele Alenius

Harri Holkeri

Seppo Lindblom

ad int.

Directors

Markku Puntila

Seppo Lindblom

Eino Helenius

Pentti Koivikko

Kari Nars

Antti Lehtinen

Senior officials

Pertti Kukkonen

Director ADP-planning

Ralf Pauli

Deputy, Monetary Policy

Raimo Hyvärinen

Domestic Financial Operations

Kari Pekonen

Foreign Exchange Policy

Raine Panula

Foreign Exchange

Kari Holopainen

Eastern Trade

Antti Saarlo

Special Eastern Affairs

Pekka Tukiainen

Foreign Financing

J. Ojala

Foreign Exchange Contro

Sirkka Hämäläinen

Deputy, Economics Dept.

Heikki Koskenkylä

Research Dept.

Markku Pietinen

Information and Publications

H. T. Hämäläinen

Administration and Legal Affairs

Timo Männistö

Internal Audit

U. Levo

International Legal Affairs

Erkki Vehkamäki

Automatic Data Processing

Anton Mäkelä

Personnel

Stig G Björklund

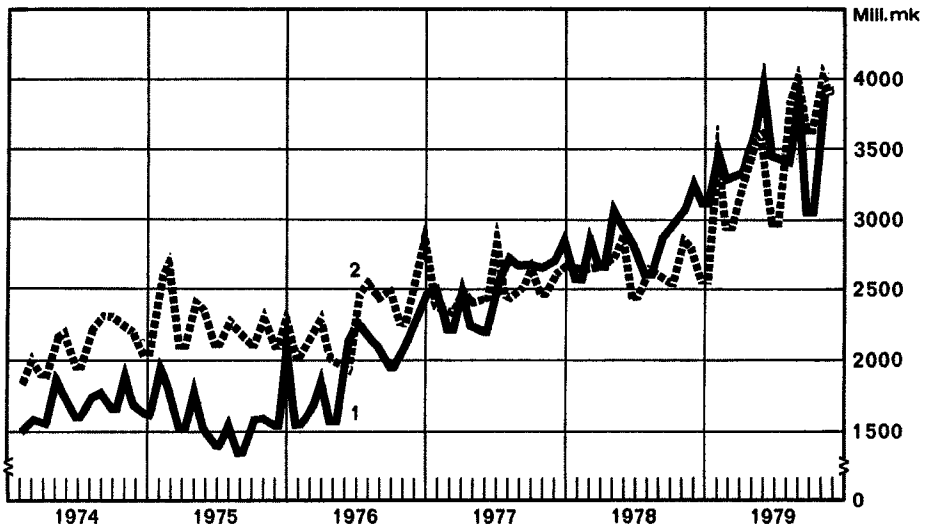
Banking Services

Reijo Mäkinen

Cash

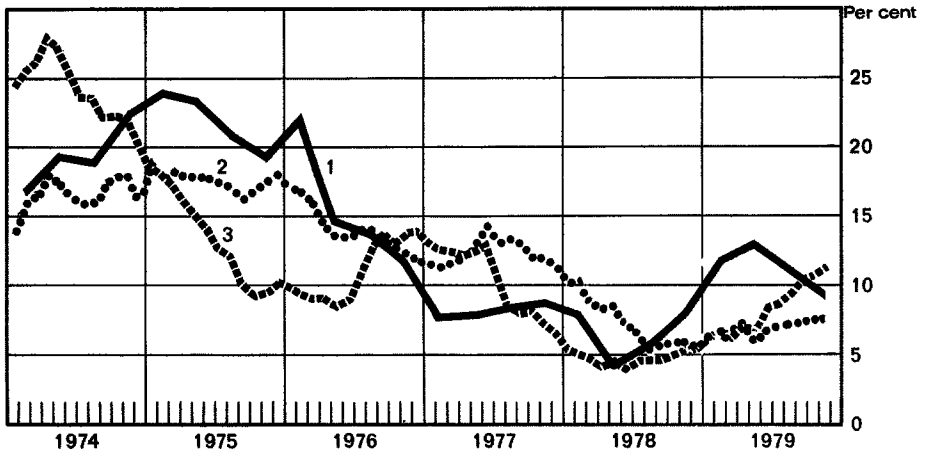
FOREIGN TRADE, 1974-79

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



PRICES AND WAGES, 1974-79

- 1. Index of wage and salary earnings 1975 = 100, quarterly figures
 - 2. Consumer price index 1977 = 100, monthly figures
 - 3. Wholesale price index 1949=100, monthly figures
- Percentage change over previous year



PRODUCTION, 1974-79

- 1. Total index of industrial production 1970 = 100, seasonally adjusted monthly figures
- 2. Volume index of gross domestic product 1970 = 100, seasonally adjusted quarterly figures

