



# BANK OF FINLAND

*Monthly Bulletin*

**Finnish export performance in Western  
markets**

**The Finnish economy in 1980 and the  
current outlook**

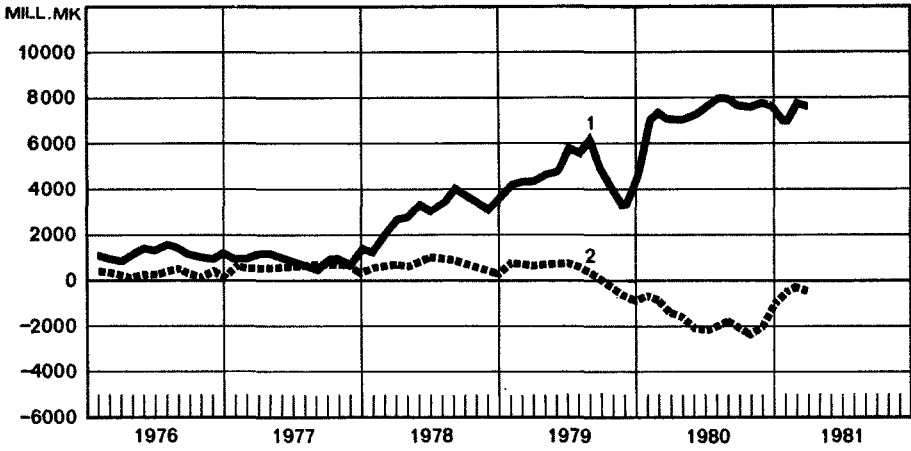
**New telephone exchange number**

**Publication of the Bank of Finland**

**MAY 1981**

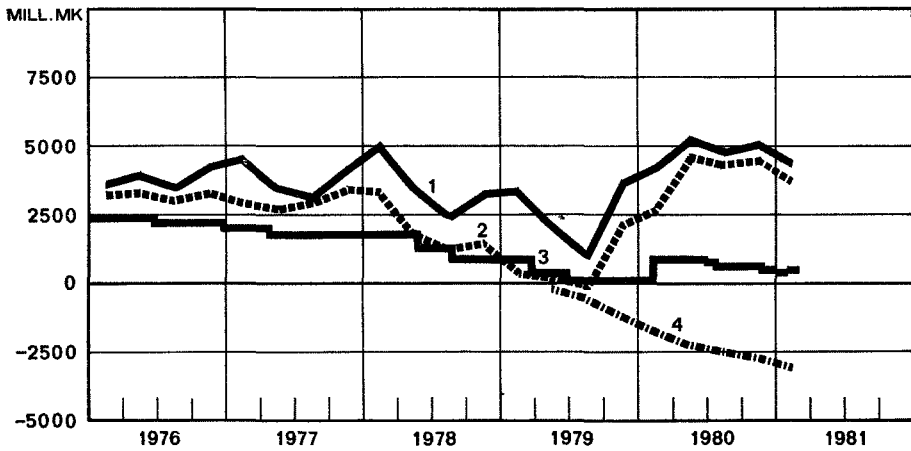
**Vol. 55 No. 5**

**BANK OF FINLAND'S CONVERTIBLE AND TIED FOREIGN EXCHANGE RESERVES, 1976-81**



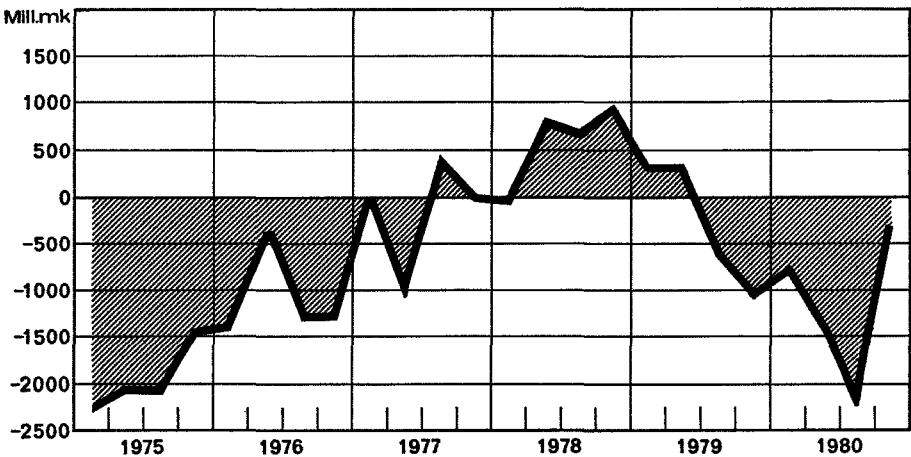
- 1. Gold and convertible currencies
- 2. Tied currencies

**COMMERCIAL BANKS' CENTRAL BANK POSITION, 1976-81**



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

**BALANCE OF PAYMENTS CURRENT ACCOUNT SURPLUS/DEFICIT, 1975-80**



Seasonally adjusted quarterly figures

# FINNISH EXPORT PERFORMANCE IN WESTERN MARKETS

by Heikki Tulokas, M.Pol.Sc.

Confederation of Finnish Industries

Price stability together with very rapid and fairly even growth were the most prominent features of world trade in the 1960s. In contrast, the 1970s and, in particular, the years following 1973 have been characterized by large fluctuations in the volume of trade and occasionally by very sharp price rises. Developments in the last decade caused particular problems for countries heavily dependent on foreign trade; traditionally, these have been relatively sensitive to changes in international demand.

Finland's performance under the changing conditions of world trade can be examined from a number of different viewpoints. The calculation of market shares provides a very clear and easily understood means of assessing export performance and the international competitiveness of the economy. In the following, Finnish export performance in the Western market area consisting of 13 countries most important for Finnish exports is examined in detail. In 1979, this area took 69 per cent of Finland's total visible exports.

## EXPORT PERFORMANCE UNADJUSTED FOR THE IMPACT OF STRUCTURAL FACTORS

In the 1960s, the average annual growth rate of the total value (in U.S. dollars) of imports of the market area comprising the 13 countries examined here was 10.2 per cent, while in the 1970s, it was 20.7 per cent. The acceleration in growth was entirely attributable to price rises. During the same periods, Finnish exports to this market area grew by 9.9 per cent and 19.8 per cent, respectively. Thus, during the

last two decades, Finnish exports to Western markets increased at a slightly slower rate than total imports of Western countries, and this was reflected in losses of total market shares.

Export performance for the first half of the 1970s seemed particularly alarming. In 1975 and 1976, Finnish exports to Western markets fell 20 per cent short of the level consistent with their 1970 market shares. With price competitiveness returning to its approximate average long-term level, Finnish export companies have succeeded in recent years in regaining the total market shares they held before the recession of the mid-1970s. Nevertheless, the market shares held in 1970 were not completely regained before the end of the decade.

Finnish exports account for less than one per cent of the total value of imports of the OECD region. Finland's largest market share is in Sweden, being 6.5 per cent in 1979. The corresponding figures for Norway, Denmark, and the United Kingdom were 5.7 per cent 3.8 per cent and 1.6 per cent, respectively. Of imports of other Western countries, Finnish exports account for less than one per cent.

Country-by-country developments in the 1970s indicate that, although Finnish market shares increased substantially in the Nordic countries, they declined in all the other Western countries examined, excluding Japan.

The losses of market shares in the 1970s centred almost exclusively on the product groups of the forest industries, Finland's major export industry. The fastest growth in market shares in the past decade was recorded for the chemical industries and the basic metal indus-

tries. As a whole, the manufacture of fabricated metal products, machinery and equipment, and the textile, wearing apparel and leather industries succeeded fairly well in maintaining their relative position in Western markets.

## STRUCTURAL FACTORS AFFECTING EXPORT PERFORMANCE

### REGIONAL STRUCTURE

The regional concentration of Finnish trade relations has clearly made it more difficult for Finland to keep pace with developments in world trade. This is because, during the last two decades, economic growth in certain countries important for Finnish exports, notably the United Kingdom and the Nordic countries, has been distinctly weaker than growth in Western countries in general. On the other hand, the vigorous expansion in the external demand of, for instance, Japan and France has not been fully reflected in the Finnish economy owing to these countries' minor shares in Finnish exports.

The regional structure of Finnish exports has had a fairly constant growth-dampening effect on Finland's export prospects. In the 1960s, the

annual value of imports of Western countries weighted by Finnish export shares rose on average by 1.0 percentage point, and in the 1970s by 1.5 percentage points, less than the total value of imports in these markets. Only in 1964, 1975 and 1979 did demand in Finnish export markets increase faster than the overall growth of demand (table).

The regional structure of Finnish exports to Western markets underwent a substantial change in the 1970s. The replacement of the slowly expanding British market by the equally slowly growing markets of the Nordic countries was, however, of no significance from the point of view of structural factors. Slight increases in the shares of the Federal Republic of Germany, France and Japan in Finnish exports marked a positive trend.

### COMMODITY STRUCTURE

The lack of diversification in the commodity structure of Finnish exports has also prevented Finland from utilizing in full the expansion in markets, because the external demand for major Finnish export products has grown more slowly than the average.

(continued on page 35)

**TABLE. FACTORS AFFECTING THE GROWTH OF THE VALUE OF FINNISH EXPORTS TO WESTERN MARKETS IN 1961—1979, AN APPLICATION OF THE CONSTANT-MARKET-SHARES MODEL**

	Average for 1961— 1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	Average for 1971— 1979
Growth of overall demand, per cent	10.2	11.0	18.8	38.1	40.8	.1	16.4	14.4	18.2	28.5	20.7
Impact of regional structure, percentage points	—1.0	—1.9	—2.9	—4	—2.1	4.5	—4.6	—2.8	—5.2	1.6	—1.5
Impact of commodity structure, percentage points	—1.7	—5.7	1.6	2.9	—1.9	—9.4	3.7	—1.9	—7	1.3	—1.1
Change in market shares adjusted for structural factors = Impact on competitiveness, percent- age points	2.4	2.5	.5	—6.5	—4.1	—2.1	.5	10.8	4.9	8.9	1.7
Growth of the value of exports, per cent	9.9	5.9	18.0	34.2	32.7	—6.9	15.9	20.4	17.3	40.3	19.8
Total impact of structural factors, percentage points	—2.7	—7.6	—1.3	2.5	—4.0	—5.0	—1.0	—4.3	—5.9	2.9	—2.7

	1980		1981			
	April 30	Dec. 31	April 8	April 15	April 23	April 30
<b>Assets</b>						
Gold and foreign exchange receivables	7 360	8 024	8 335	8 516	8 587	8 485
Gold	1 073	1 073	1 073	1 073	1 073	1 073
Special drawing rights	576	397	521	521	521	521
IMF reserve tranche	225	380	380	380	380	380
Foreign bonds	1 976	2 125	1 735	1 722	1 725	1 726
Convertible currencies	3 352	3 841	4 572	4 756	4 820	4 716
Tied currencies	158	208	54	64	68	69
Other foreign receivables	1 054	1 540	1 540	1 540	1 540	1 540
Mark subscription to Finland's IMF quota	1 054	1 540	1 540	1 540	1 540	1 540
Receivables from financial institutions	5 484	5 350	8 594	6 522	5 529	4 985
Banks' cheque accounts	1 081	481	478	757	702	551
Call money market advances	3 950	3 674	6 704	4 475	3 524	3 197
Till-money credits	—	643	831	697	720	634
Bonds	399	527	544	553	551	551
Other financial institution receivables	54	25	37	40	32	52
Receivables from the public sector	1 267	1 225	1 098	1 109	1 108	1 116
Government promissory notes	700	512	354	354	354	354
Bonds	168	288	282	290	291	299
Total coinage	381	403	447	449	450	451
Other public sector receivables	18	22	15	16	13	12
Receivables from corporations	2 703	3 399	3 585	3 643	3 611	3 597
Financing of exports	1 200	1 502	1 530	1 553	1 521	1 515
Financing of domestic deliveries	1 188	1 561	1 749	1 784	1 785	1 775
Bonds	190	220	210	208	208	208
Other corporate receivables	125	116	96	98	97	99
Other assets	75	80	82	83	82	82
<b>Total</b>	<b>17 943</b>	<b>19 618</b>	<b>23 234</b>	<b>21 413</b>	<b>20 457</b>	<b>19 805</b>
<b>Liabilities</b>						
Foreign exchange liabilities	1 617	983	409	209	230	436
Convertible accounts	27	18	24	19	19	18
Tied accounts	1 590	965	385	190	211	418
Other foreign liabilities	1 951	2 430	2 560	2 560	2 560	2 560
IMF mark accounts	1 385	1 864	1 864	1 864	1 864	1 864
Allocations of special drawing rights	566	566	696	696	696	696
Notes and coins in circulation	4 281	4 954	5 734	5 279	4 973	5 033
Notes	3 931	4 572	5 323	4 868	4 563	4 623
Coins	350	382	411	411	410	410
Deposit certificates in circulation	2 940	1 900	2 100	2 400	2 400	1 300
Claims of financial institutions	3 193	3 739	6 219	4 713	4 001	4 077
Banks' cheque accounts	49	1	7	1	1	1
Call money market deposits	519	290	2 550	1 520	830	925
Cash reserve deposits	2 396	3 317	3 472	3 091	3 073	3 055
Capital import deposits	223	108	180	83	84	76
Other financial institution claims	6	23	10	18	13	20
Claims of the public sector	53	591	656	657	672	667
Cheque accounts	9	2	1	1	1	0
Counter-cyclical reserves	42	545	545	545	545	545
Counter-cyclical deposits	—	37	88	89	104	104
Other public sector claims	2	7	22	22	22	18
Claims of corporations	562	978	1 057	1 045	1 055	1 089
Deposits for investment and ship purchase	230	717	819	821	829	853
Capital import deposits	329	83	39	39	39	40
Export deposits	—	110	180	181	181	192
Other corporate claims	3	68	19	4	6	4
Other liabilities	13	13	16	13	13	14
Equalization accounts	1 462	1 767	2 143	2 185	2 188	2 252
Capital accounts	1 871	2 263	2 340	2 352	2 365	2 377
Primary capital	1 400	1 400	1 400	1 400	1 400	1 400
Reserve fund	441	441	750	750	750	750
Undisposed profits	—	—	113	113	113	113
Net earnings	30	422	77	89	102	114
<b>Total</b>	<b>17 943</b>	<b>19 618</b>	<b>23 234</b>	<b>21 413</b>	<b>20 457</b>	<b>19 805</b>

End of year or month	Foreign sector							Public sector			Deposit certificates in circulation
	Gold SDR, IMF reserve tranche	Foreign bonds	Convertible currencies, net	Total convertible reserves (1+2+3)	Tied currencies, net	Other receivables, net	Net receivables (4+5+6)	Receivables	Liabilities	Net liabilities (9-8)	
	1	2	3	4	5	6	7	8	9	10	11
1975	399	204	1 011	1 614	368	-315	1 667	339	1 301	962	250
1976	357	397	954	1 708	389	-660	1 437	447	1 133	686	-
1977	337	543	1 212	2 092	496	-2 031	557	391	328	- 63	200
1978	728	872	3 080	4 680	471	-1 099	4 052	633	114	-519	1 090
1979	1 728	1 749	2 964	6 441	-678	-764	4 999	884	387	-497	1 700
1980	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900
1980											
April	1 874	1 976	3 325	7 175	-1 432	-897	4 846	1 267	53	-1 214	2 940
May	1 868	1 976	3 510	7 354	-1 946	-877	4 531	1 264	45	-1 219	2 490
June	1 868	2 017	3 912	7 797	-1 996	-877	4 924	1 257	43	-1 214	2 640
July	1 868	2 049	4 148	8 065	-1 787	-877	5 401	1 285	43	-1 242	1 940
Aug.	1 862	2 071	4 070	8 003	-1 656	-877	5 470	1 261	43	-1 218	2 100
Sept.	1 851	2 088	3 796	7 735	-1 847	-886	5 002	1 284	43	-1 241	2 250
Oct.	1 851	2 077	3 811	7 739	-2 146	-886	4 707	1 165	43	-1 122	1 850
Nov.	1 845	2 082	3 949	7 876	-1 847	-886	5 143	1 185	74	-1 111	2 600
Dec.	1 850	2 125	3 823	7 798	-757	-890	6 151	1 225	591	-634	1 900
1981											
Jan.	1 980	1 994	3 163	7 137	-389	-1 020	5 728	1 081	631	-450	1 000
Feb.	1 974	1 812	4 165	7 951	-165	-1 020	6 766	1 095	647	-448	1 500
March	1 974	1 764	4 107	7 845	-363	-1 020	6 462	1 112	656	-456	1 800
April	1 974	1 726	4 698	8 398	-349	-1 020	7 029	1 116	667	-449	1 300

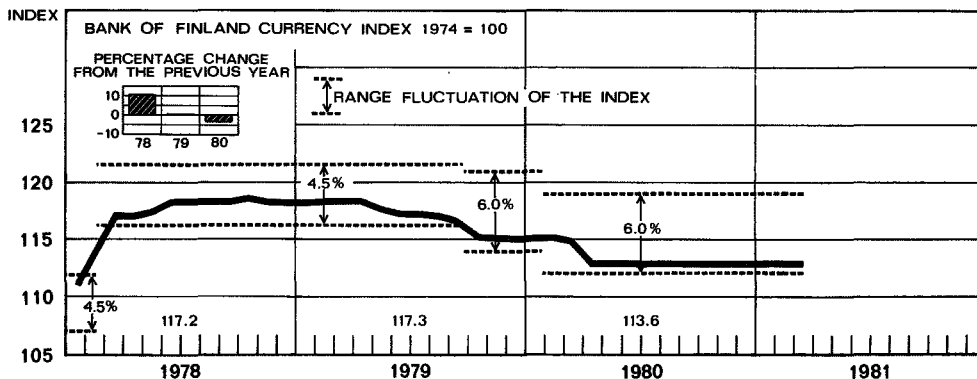
## FOREIGN EXCHANGE SITUATION

Mill. mk

	Net holdings, Dec. 31, 1980			Net holdings, March 31, 1981			Change	
	Bank of Finland	Other	Total	Bank of Finland	Other	Total	March	Jan.-March
Gold <sup>2</sup>	1 073	-	1 073	1 073	-	1 073	-	-
Special drawing rights	397	-	397	521	-	521	-	+124
IMF reserve tranche	380	-	380	380	-	380	-	-
Foreign bonds	2 125	-	2 125	1 764	-	1 764	-48	-361
Convertible currencies	3 823	-7 194	-3 371	4 106	-7 253	-3 147	-36	+224
Total	7 798	-7 194	604	7 844	-7 253	591	-84	-13
Tied currencies	-757	-67	-824	-362	-293	-655	-436	+169
Grand total	7 041	-7 261	-220	7 482	-7 546	-64	-520	+156

# BANK OF FINLAND

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
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
1980	—	480	3 674	290	3 317	-1 064	1 611	3 063	642	2 421	4 954
1980											
April	—	1 032	3 950	519	2 396	-224	2 291	2 388	247	2 141	4 281
May	—	978	3 981	245	2 562	-272	2 424	2 333	273	2 060	4 389
June	—	876	4 433	502	2 591	-285	2 501	2 409	471	1 938	4 572
July	—	915	3 047	475	2 649	-145	983	2 661	538	2 123	4 466
Aug.	—	750	3 968	780	2 989	-247	1 196	2 640	516	2 124	4 449
Sept.	—	722	4 307	525	2 982	-270	1 792	2 775	607	2 168	4 366
Oct.	—	762	4 410	595	3 006	-322	1 893	2 926	621	2 305	4 447
Nov.	—	705	3 861	30	3 022	-767	2 281	3 046	574	2 472	4 614
Dec.	—	480	3 674	290	3 317	-1 064	1 611	3 063	642	2 421	4 954
1981											
Jan.	—	557	3 679	470	3 461	-879	1 184	3 131	651	2 480	4 666
Feb.	—	593	3 651	975	3 469	-975	775	3 178	668	2 510	4 661
March	—	620	4 978	1 610	3 472	-1 188	1 704	3 249	724	2 525	4 960
April	—	550	3 197	925	3 055	-1 141	908	3 290	782	2 508	5 033



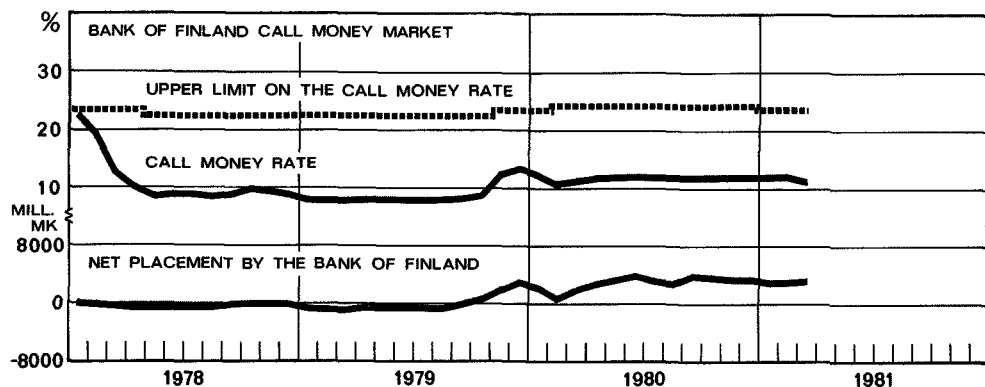
# MONETARY POLICY INDICATORS

Average for period	Total central bank debt of the commercial banks, mill. mk	Actual central bank debt of the commercial banks, mill. mk	Credit quotas of the commercial banks at the Bank of Finland, mill. mk	Cash reserve deposits of the deposit banks mill. mk	Cash reserve deposits of the commercial banks mill. mk	Bank of Finland placements in the call money market, mill. mk	Base rate %	Call money interest rate %	Average cost of total central bank debt %	Average lending rate of the commercial banks <sup>1</sup> %
	1	2	3	4	5	6	7	8	9	10
1974	3 204	2 840	2 494	—	—	—	9.25	—	10.57	9.52
1975	4 000	3 611	2 725	—	—	239 <sup>2</sup>	9.25	26.80 <sup>2</sup>	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	8.99	8.03
1980	4 963	4 097	783	2 542	2 220	3 313	9.20	12.38	12.37	9.77
1980										
April	5 156	4 204	1 000	2 271	1 987	3 204	9.25	12.36	11.62	9.85
May	5 216	4 802	1 000	2 406	2 104	3 802	9.25	12.49	12.01	9.84
June	5 734	5 130	900	2 561	2 233	4 231	9.25	12.50	12.50	9.86
July	4 984	4 547	900	2 591	2 261	3 648	9.25	12.50	12.18	9.84
Aug.	4 456	3 880	700	2 682	2 333	3 181	9.25	12.50	13.06	9.83
Sept.	5 530	4 805	700	2 984	2 608	4 106	9.25	12.50	13.93	9.84
Oct.	5 500	4 709	700	2 980	2 599	4 010	9.25	12.50	13.31	9.83
Nov.	5 024	4 562	700	3 005	2 627	3 864	9.25	12.50	12.60	9.82
Dec.	4 816	4 457	600	3 032	2 653	3 860	9.25	12.50	13.43	9.83
1981										
Jan.	4 677	3 693	540	3 324	2 917	3 153	9.25	12.50	13.61	9.84
Feb.	4 976	3 905	600	3 443	3 033	3 307	9.25	12.50	12.82	9.84
March	5 039	4 026	600	3 458	3 022	3 429	9.25	11.72	12.89	..
April	5 838	3 974	600	3 259	2 829	3 377	9.25	10.57	..	..

See explanations on page 22.

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

<sup>2</sup> 1. 9.—31. 12. 1975.



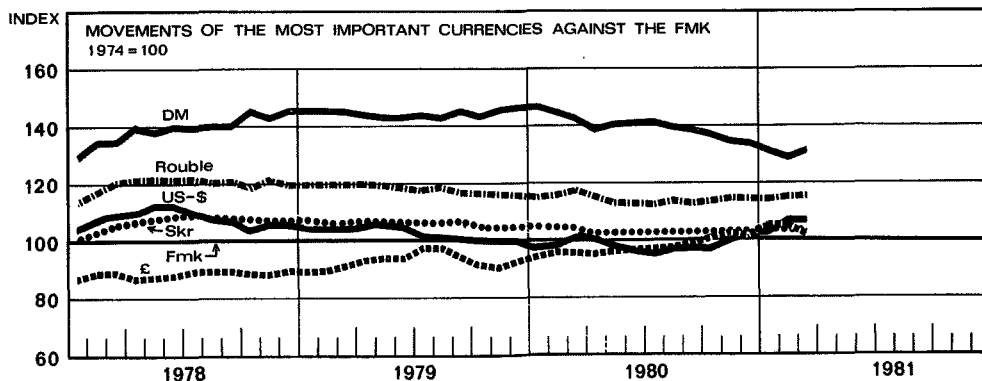


# FOREIGN EXCHANGE RATES

Mill. mk

Average selling rates for foreign exchange, mk

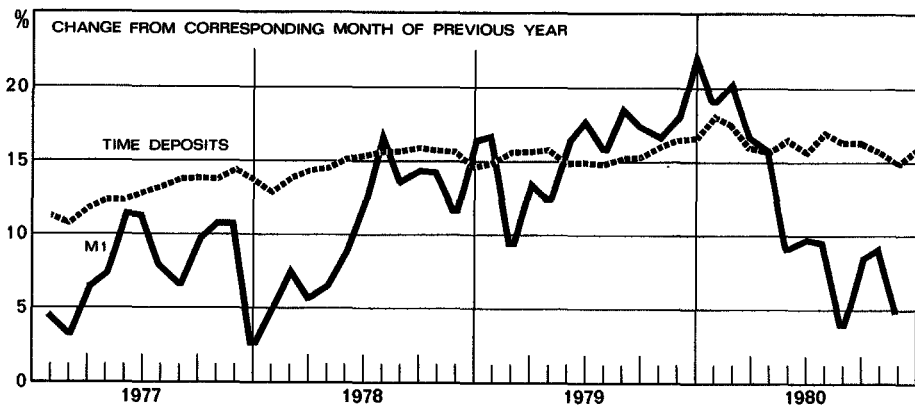
Period	New York	London	Stockholm	Oslo	Copenhagen	Frankfurt	Zurich	Paris	Moscow	Currency Index 1974=100
	1 US \$ USD	1 £ GBP	100 Skr SEK	100 Nkr NOK	100 Dkr DKK	100 DM DEM	100 Sfr CHF	100 FF FRF	1 Cl Rbl SUR	
	1	2	3	4	5	6	7	8	9	10
1974	3.774	8.833	85.22	68.44	62.17	146.21	127.19	78.65	4.995	100.0
1975	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
1980	3.730	8.691	88.43	75.81	66.53	205.58	222.87	88.65	5.741	113.6
1980										
April	3.828	8.482	87.85	75.78	65.85	204.42	218.11	88.39	5.791	113.1
May	3.699	8.541	88.07	75.65	66.35	206.72	222.71	88.80	5.689	113.1
June	3.653	8.553	87.92	75.54	66.83	206.83	223.78	89.13	5.675	113.1
July	3.620	8.603	87.98	75.43	67.20	207.36	225.50	89.59	5.654	113.1
Aug.	3.665	8.697	88.03	75.58	66.52	204.85	222.00	88.63	5.713	113.1
Sept.	3.655	8.796	88.22	75.83	66.32	204.40	223.05	88.19	5.669	113.1
Oct.	3.695	8.942	88.40	75.75	65.53	200.98	222.77	87.18	5.706	113.1
Nov.	3.791	9.104	88.36	75.90	64.59	197.66	219.78	85.66	5.750	113.1
Dec.	3.872	9.095	88.12	75.24	64.32	196.47	217.00	85.10	5.744	113.1
1981										
Jan.	3.889	9.369	87.85	74.62	63.38	194.10	214.34	84.20	5.747	113.1
Feb.	4.073	9.358	88.59	75.50	61.88	189.90	209.14	82.18	5.779	113.1
March	4.072	9.098	88.65	75.78	61.78	193.33	211.94	82.26	5.810	113.1
April	4.151	9.061	88.76	76.20	61.37	192.38	210.91	81.66	5.825	113.1



DEPOSITS BY THE PUBLIC

Mill. mk

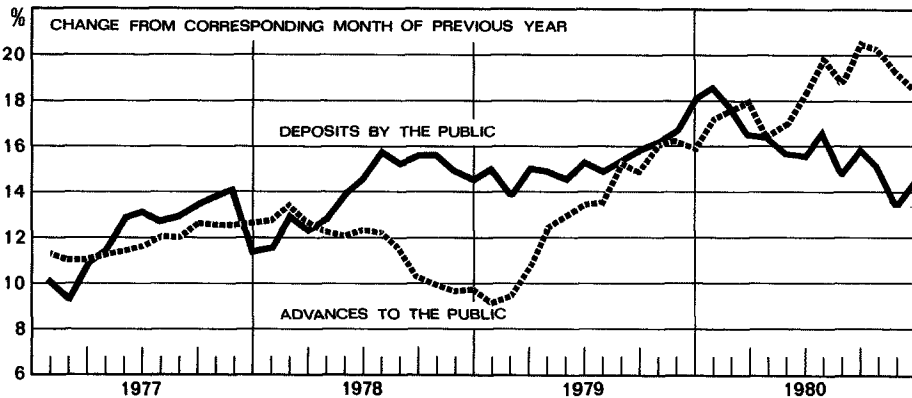
End of year and month	Demand deposits				Time deposits					Total (4+9)
	Commer- cial banks	Savings banks & Co-op. banks	Posti- pankki	All depos- it banks	Commer- cial banks	Savings banks	Co-op. banks	Posti- pankki	All depos- it banks	
	1	2	3	4	5	6	7	8	9	10
1977	2 948	1 506	2 212	6 666	14 999	12 671	9 846	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
1979	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584
1980	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180
1979										
Oct.	4 232	2 111	2 493	8 836	18 877	16 556	12 852	5 403	53 688	62 524
Nov.	4 316	2 078	2 486	8 880	19 315	16 832	13 059	5 469	54 675	63 555
Dec.	4 697	2 255	2 714	9 666	19 794	17 177	13 348	5 599	55 918	65 584
1980										
Jan.	4 688	1 983	2 778	9 449	19 964	17 501	13 683	5 685	56 833	66 282
Feb.	4 009	1 903	2 697	8 609	20 150	17 787	13 983	5 772	57 692	66 301
March	4 187	1 930	2 767	8 884	20 061	17 789	13 874	5 910	57 634	66 518
April	4 173	1 975	2 977	9 125	20 335	18 039	14 137	5 722	58 233	67 358
May	4 190	2 094	2 865	9 149	20 500	18 277	14 289	5 935	59 001	68 150
June	4 826	2 133	3 275	10 234	20 656	18 588	14 479	5 847	59 570	69 804
July	4 741	2 332	3 001	10 074	21 209	18 993	14 861	5 976	61 039	71 113
Aug.	4 205	2 275	2 996	9 476	21 273	19 195	14 948	6 082	61 498	70 974
Sept.	4 625	2 328	2 946	9 899	21 295	19 255	15 051	6 073	61 674	71 573
Oct.	4 584	2 325	2 859	9 768	21 454	19 391	15 216	6 186	62 247	72 015
Nov.	4 410	2 155	2 669	9 234	21 658	19 618	15 416	6 256	62 948	72 182
Dec.	5 459	2 285	2 531	10 275	22 591	20 009	15 950	6 355	64 905	75 180



ADVANCES TO THE PUBLIC—MONEY SUPPLY

Mill. mk

End of year and month	Advances granted by				Types of advances			Total (1 to 4) (5 to 7)	Money Supply	
	Commercial banks	Savings banks	Co-op. banks	Posti-pankki	Loans & bills in domestic currency	Cheque credits	Domestic credits in foreign currency		M <sub>1</sub>	M <sub>1</sub> +Quasi-Money
	1	2	3	4	5	6	7		8	9
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
1979	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157
1980	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	..	..
1979										
Oct.	29 456	16 040	13 796	7 987	59 330	1 928	6 021	67 279	13 003	67 919
Nov.	29 764	16 306	14 056	8 039	60 234	2 031	5 900	68 165	13 131	69 012
Dec.	29 844	16 535	14 258	8 299	60 971	1 955	6 010	68 936	14 087	71 157
1980										
Jan.	30 524	16 754	14 395	8 399	61 745	2 158	6 169	70 072	13 767	71 810
Feb.	31 247	16 960	14 525	8 618	62 648	2 378	6 324	71 350	13 389	72 421
March	31 902	17 114	14 640	8 720	63 256	2 584	6 536	72 376	13 354	72 405
April	32 196	17 310	14 820	8 764	64 070	2 479	6 541	73 090	13 396	73 240
May	32 764	17 535	15 039	8 898	64 817	2 545	6 874	74 236	13 594	74 137
June	34 065	17 733	15 243	9 317	65 980	2 765	7 613	76 358	14 588	75 749
July	34 707	17 932	15 497	9 528	66 753	2 607	8 304	77 664	14 438	77 325
Aug.	34 814	18 177	15 715	9 528	67 215	2 531	8 488	78 234	13 825	77 066
Sept.	35 314	18 483	16 061	9 954	68 545	2 700	8 567	79 812	14 141	77 670
Oct.	35 931	18 711	16 282	10 061	69 360	2 623	9 002	80 985	14 234	78 290
Nov.	35 789	18 920	16 491	10 166	69 911	2 543	8 912	81 366	13 757	78 488
Dec.	35 994	19 097	16 760	9 973	70 466	2 347	9 011	81 824	..	..



## STATE FINANCES

Mill. mk

Revenue	Jan.-Dec.	
	1979	1980
Income and wealth tax (net)	9 471	12 213
Gross receipts	.. (34 791)	
Refunds & local authorities	.. (-22 578)	
Other taxes on income and wealth	302	327
Employers' child allowance payments	499	128
Sales tax	10 649	12 262
Customs duties and import charges and levies	1 103	1 381
Excise duties	8 204	9 233
Excise duty on alcoholic beverages	2 489	2 746
Excise duty on tobacco	1 061	1 224
Excise duty on liquid fuel	2 564	2 994
Other excise duties	2 090	2 269
Tax on autom. and motor-cycles	1 349	1 418
Stamp duties	903	1 040
Special diesel etc. vehicles tax	183	202
Other taxes and similar revenue	1 008	1 180
<b>Total taxes</b>	<b>33 671</b>	<b>39 384</b>
Miscellaneous revenue	2 716	3 110
Interest, dividends etc.	1 014	1 056
Redemptions of loans granted	750	751
<b>Total revenue</b>	<b>38 151</b>	<b>44 301</b>
Foreign borrowing	2 559	1 791
Domestic borrowing	2 184	3 211
<b>Total borrowing</b>	<b>4 743</b>	<b>5 002</b>
<b>Deficit (+) or surplus (-)</b>	<b>1 106</b>	<b>637</b>
<b>Total</b>	<b>44 000</b>	<b>49 940</b>

Expenditure	Jan.-Dec.	
	1979	1980
Wages, salaries, pensions etc.	7 033	7 954
Repair and maintenance	911	1 031
Other consumption expenditure	3 877	4 718
<b>Total consumption expenditure</b>	<b>11 821</b>	<b>13 703</b>
State aid to local authorities	8 896	10 170
State aid to industries	6 842	7 348
of which: agric. price subsidies	(2 909)	(3 042)
Child allowances	1 269	1 434
Share in national pensions and sickness insurance schemes	336	535
Other transfer expenditure	5 416	5 998
<b>Total transfer expenditure</b>	<b>22 759</b>	<b>25 485</b>
Machinery and equipment	1 365	1 393
Construction of buildings	844	810
Land and waterway construction	1 735	1 895
<b>Total real investment</b>	<b>3 944</b>	<b>4 098</b>
Interest on State debt	974	1 214
Net deficit of State enterprises	-343	-247
Other expenditure	72	11
<b>Total other expenditure</b>	<b>703</b>	<b>978</b>
Increase in inventories	122	284
Lending	2 952	3 349
Other financial investment	517	540
<b>Total expenditure</b>	<b>42 818</b>	<b>48 437</b>
Redemption of foreign loans	275	269
Redemption of domestic loans	907	1 234
<b>Total redemptions</b>	<b>1 182</b>	<b>1 503</b>
<b>Total</b>	<b>44 000</b>	<b>49 940</b>

State debt	1978	1979	1980			
	Dec.	Dec.	Sept.	Oct.	Nov.	Dec.
<b>Foreign debt</b>	7 360	8 964	10 037	10 091	10 248	10 341
Loans	4 607	6 050	7 187	7 252	7 295	7 585
Compensatory obligations	1	—	—	—	—	—
Short-term credit	259	204	21	21	17	17
Cash debt (net)	-735	-596	-366	-351	-649	-823
<b>Domestic debt</b>	<b>4 132</b>	<b>5 658</b>	<b>6 842</b>	<b>6 922</b>	<b>6 663</b>	<b>6 779</b>
<b>Total State debt</b>	<b>11 492</b>	<b>14 622</b>	<b>16 879</b>	<b>17 013</b>	<b>16 911</b>	<b>17 120</b>
<b>Total debt mill \$</b>	<b>2 859</b>	<b>3 915</b>	<b>4 618</b>	<b>4 604</b>	<b>4 461</b>	<b>4 422</b>

# FOREIGN TRADE

Mill. mk

Value mill. mk

Period	Value mill. mk		
	Exports f. o. b.	Imports c. i. f.	Surplus of exports (+) or imports (-)
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
1979	43 430	44 222	-792
1980*	52 795	58 250	-5 455

1980\*

April	3 788	4 495	- 707
May	4 167	3 785	+ 382
June	4 501	5 742	-1 241
July	4 349	5 007	- 658
Aug.	3 921	5 478	-1 557
Sept.	4 579	5 133	- 554
Oct.	4 639	5 306	- 667
Nov.	4 487	4 172	+ 315
Dec.	5 589	5 548	+ 41

1981\*

Jan.	4 998	4 472	+ 526
Feb.	4 452	4 385	+67

Jan.-Feb.

1980*	8 040	9 175	-1 135
1981*	9 450	8 857	+593

Indices of exports and imports  
1975 = 100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1975	100	100	100	
1976	117	96	103	107	96
1977	129	88	119	124	96
1978	138	84	126	138	91
1979	151	99	142	159	89
1980*	165	112	158	186	85

1978

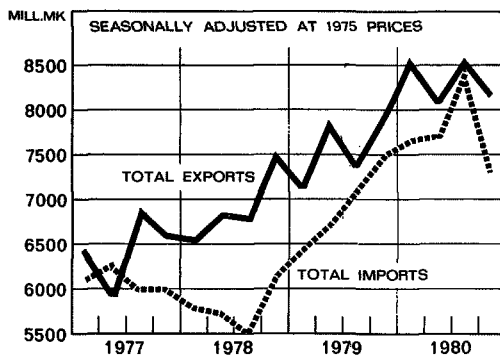
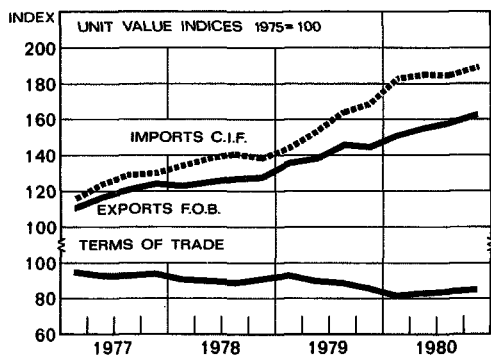
July-Sept.	128	79	128	142	90
Oct.-Dec.	160	93	129	140	92

1979\*

Jan.-March	140	90	137	145	94
Apr.-June	154	94	140	154	91
July-Sept.	138	100	147	164	90
Oct.-Dec.	171	113	146	170	86

1980\*

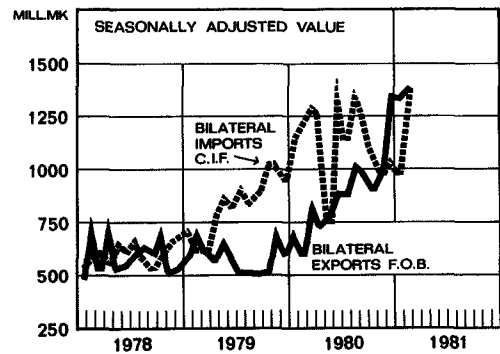
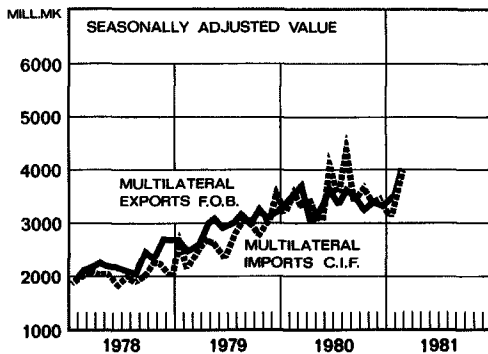
Jan.-March	166	105	152	184	83
Apr.-June	158	106	156	186	84
July-Sept.	160	120	159	186	85
Oct.-Dec.	177	112	164	190	86



# 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	
1975	449	2 177	7 225	5 357	5 039	17 058	1 670	6 222	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
1979	1 366	6 073	12 992	10 342	12 657	28 878	3 401	5 719	6 133	91
1980*	1 403	7 742	15 751	11 546	16 353	38 622	4 088	7 989	7 440	111
1980*										
April	39	542	1 007	965	1 235	2 974	150	621	748	2
May	168	660	1 357	771	1 211	2 555	195	514	518	3
June	53	806	1 327	928	1 387	4 198	435	574	529	6
July	73	703	1 541	895	1 137	3 173	539	722	571	2
Aug.	47	582	1 387	684	1 221	3 572	459	838	602	7
Sept.	76	690	1 374	931	1 508	3 399	388	706	637	3
Oct.	56	742	1 313	1 040	1 488	3 475	436	727	665	3
Nov.	59	627	1 324	1 099	1 378	2 680	284	650	556	2
Dec.	260	669	1 479	1 566	1 615	3 710	380	856	597	5
1981*										
Jan.	392	592	1 341	1 295	1 378	2 704	283	818	665	2
Feb.	104	526	1 343	1 045	1 434	2 813	238	619	701	14
Jan.-Feb.										
1980*	325	1 167	2 373	1 580	2 595	5 968	631	1 186	1 313	77
1981*	496	1 118	2 684	2 340	2 812	5 517	521	1 437	1 366	16



## FOREIGN TRADE BY COUNTRIES

Mill. mk

Area and country	Exports, f. o. b.				Imports, c. i. f.			
	January-February				January-February			
	1980*		1981*		1980*		1981*	
	%	Mill. mk	%	Mill. mk	%	Mill. mk	%	Mill. mk
<b>OECD countries in Europe</b>	70.1	5 640	59.5	5 626	56.0	5 134	56.0	4 966
Austria	0.8	61	0.6	53	1.2	114	1.2	109
Belgium and Luxembourg	1.7	139	1.2	112	1.8	166	1.7	154
Denmark	4.1	333	2.8	263	2.5	226	2.3	201
France	5.1	414	4.6	437	3.2	297	3.9	348
Federal Republic of Germany	11.6	931	9.7	921	13.2	1 206	13.0	1 150
Italy	2.7	218	2.2	211	2.6	238	2.4	215
Netherlands	4.4	352	3.6	340	2.7	250	2.8	246
Norway	4.4	355	7.0	659	1.9	170	2.6	232
Portugal	0.2	18	0.3	27	0.5	47	0.6	50
Spain	0.9	75	0.7	70	1.5	137	0.9	80
Sweden	18.8	1 508	12.7	1 204	13.4	1 226	12.6	1 120
Switzerland	2.0	157	1.9	175	1.6	149	1.8	160
United Kingdom	12.0	962	10.6	999	9.4	864	9.2	817
Other	1.4	117	1.6	155	0.5	44	1.0	84
<b>OECD countries outside Europe</b>	5.9	473	5.9	558	8.9	815	14.2	1 255
Canada	0.4	34	0.6	58	0.9	80	0.6	50
Japan	0.7	58	1.1	106	2.9	266	5.0	440
United States	3.4	274	3.5	328	5.0	456	8.5	757
Other	1.4	107	0.7	66	0.1	13	0.1	8
<b>CMEA countries</b>	14.5	1 162	24.9	2 349	26.6	2 442	23.7	2 095
Czechoslovakia	0.3	26	0.3	24	0.5	50	0.7	62
German Democratic Republic	0.7	55	0.7	61	0.6	50	0.7	65
Poland	0.5	41	0.2	21	1.3	120	0.7	62
Soviet Union	12.1	969	23.0	2 175	22.9	2 105	20.7	1 830
Other	0.9	71	0.7	68	1.3	117	0.9	76
<b>Latin America</b>	1.5	123	2.2	204	3.9	361	2.1	189
Argentina	0.4	32	0.6	59	0.1	6	0.1	8
Brazil	0.3	27	0.5	46	0.7	67	0.5	44
Colombia	0.2	19	0.1	7	1.4	132	0.5	46
Other	0.6	45	1.0	92	1.7	156	1.0	91
<b>Other</b>	8.0	642	7.5	713	4.6	423	4.0	352
<b>GRAND TOTAL</b>	100.0	8 040	100.0	9 450	100.0	9 175	100.0	8 857
of which								
<b>EFTA countries</b>	26.3	2 113	22.5	2 127	18.8	1 721	19.3	1 707
<b>EEC countries</b>	42.4	3 411	35.8	3 385	35.5	3 259	35.7	3 161
<b>OECD countries</b>	76.0	6 113	65.4	6 184	64.9	5 949	70.2	6 221

# BALANCE OF PAYMENTS

Period	Visible exports f.o.b.	Visible imports c.i.f.	Visible trade account	Transport, net	Travel, net	Other services, net	Visible and invisible trade account	Investment income, net	Unrequited transfers, net	Other, net	Current account
1977	30 805	30 961	— 156	+1 747	— 23	+526	+2 094	—2 434	—198	— 42	— 580
1978	35 068	32 600	+2 468	+2 024	+141	+803	+5 436	—2 713	—211	+ 94	+2 606
1979*	43 302	44 523	—1 221	+3 089	+157	+311	+2 336	—2 840	—430	+124	— 810
1980*	52 650	58 500	—5 850	+3 300	+300	+700	—1 550	—3 200	—400	+150	—5 000

## 1977

Oct.-Dec.	9 071	8 604	+ 467	+ 483	— 55	+114	+1 009	— 670	— 51	— 6	+ 282
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## 1978

Jan.-March	7 753	7 445	+ 308	+ 457	— 72	+185	+ 878	— 569	— 80	+ 4	+ 233
Apr.-June	8 625	8 086	+ 539	+ 479	+ 4	+205	+1 227	— 781	— 40	+ 28	+ 434
July-Sept.	8 284	7 906	+ 378	+ 500	+217	+140	+1 235	— 617	— 42	+ 31	+ 607
Oct.-Dec.	10 406	9 163	+1 243	+ 588	— 8	+273	+2 096	— 746	— 49	+ 31	+1 332

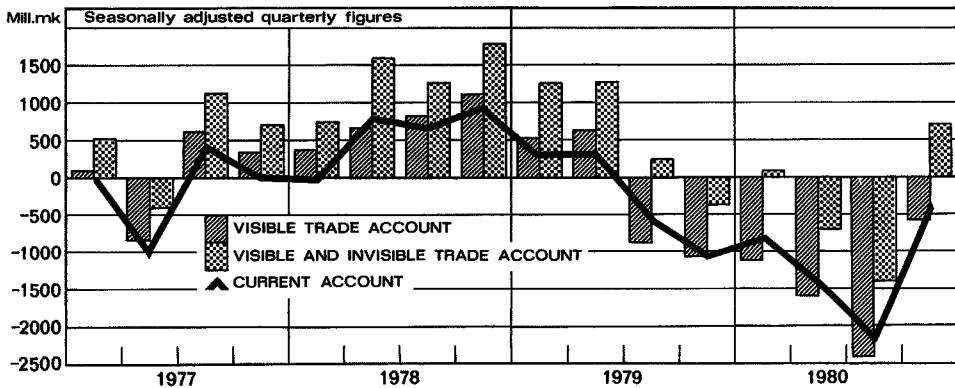
## 1979\*

Jan.-March	9 683	9 195	+ 488	+ 681	—112	+300	+1 357	— 656	—204	+ 28	+ 525
Apr.-June	10 847	10 213	+ 634	+ 755	+ 13	— 76	+1 326	— 963	— 91	+ 28	+ 300
July-Sept.	10 210	11 585	—1 375	+ 791	+251	+ 74	— 259	— 671	— 51	+ 36	— 945
Oct.-Dec.	12 562	13 530	— 968	+ 862	+ 5	+ 13	— 88	— 550	— 84	+ 32	— 690

## 1980\*

Jan.-March	12 736	13 661	— 925	+ 864	—109	+324	+ 154	— 787	—152	+ 1	— 784
Apr.-June	12 413	14 075	—1 662	+ 686	+ 83	+127	— 766	— 737	— 64	+ 27	—1 540
July-Sept.	12 812	15 712	—2 900	+ 884	+286	+124	—1 606	— 727	—103	+ 2	—2 434
Oct.-Dec.	14 689	15 052	— 363	+ 866	+ 40	+125	+ 668	— 949	— 81	+120	— 242

\* Revised figures. See explanations on page 22.





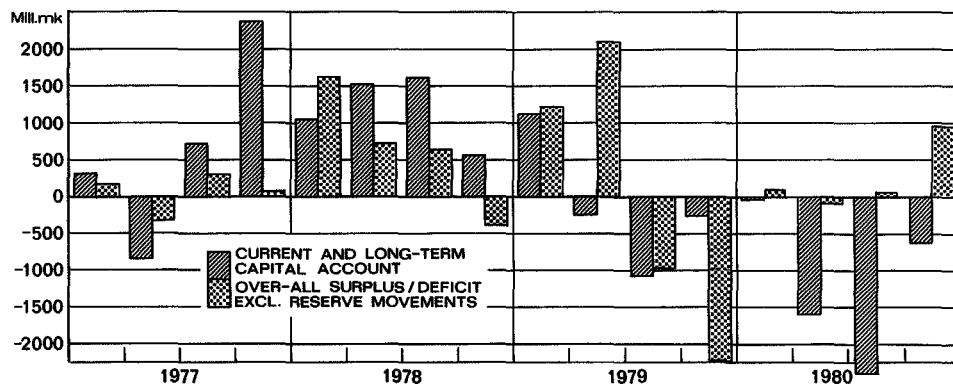
Drawings of long-term loans	Amortizations of long-term loans	Long-term export credits, net	Miscellaneous long-term capital items, net <sup>1</sup>	Long-term capital account	Current and long-term capital account	Short-term import credits and prepayments, net	Short-term export credits and prepayments, net	Short-term capital of authorized banks, net <sup>3</sup>	Miscellaneous, short-term capital items, incl. errors and omissions <sup>3</sup>	Over-all surplus deficit excl. reserve movements <sup>3</sup>	Bank of Finland foreign exchange reserves
+6 454	-2 745	-241	-229	+3 239	+2 659	-1 547	- 470	-451	+25	+216	-216
+9 007	-5 743	-774	-229	+2 261	+4 867	+ 130	-2 188	-699	+479	+2 589	-2 589
+6 230	-4 843	-541	-416	+ 430	- 380	+ 831	- 834	+1 290	-785	+122	-122
+5 183	-4 138	-400	-245	+ 400	-4 600	+3 400	-1 000	+4 000	-805	+995	-995
+2 907	- 691	+ 7	- 79	+2 144	+2 426	- 642	- 384	-915	-417	+68	-68
+1 876	- 854	-166	- 17	+ 839	+1 072	- 479	- 402	+627	+804	+1 622	-1 622
+2 900	-1 733	- 1	- 51	+1 115	+1 549	+ 328	- 402	-725	-28	+722	-722
+2 265	-1 089	- 96	- 39	+1 041	+1 648	+ 20	- 692	-587	+252	+641	-641
+1 966	-2 067	-511	-122	- 734	+ 598	+ 261	- 692	-14	-549	-396	+396
+2 202	-1 626	- 8	+ 50	+ 618	+1 143	- 19	- 63	+723	-552	+1 232	-1 232
+1 267	-1 453	-218	-174	- 578	- 278	+ 39	- 62	+1 966	+435	+2 100	-2 100
+1 258	- 892	-336	-105	- 75	-1 020	+ 422	- 354	-925	+892	-985	+985
+1 503	- 872	+ 21	-187	+ 465	- 225	+ 389	- 355	-474	-1 560	-2 225	+2 225
+2 108	-1 113	-171	- 65	+ 759	- 25	+ 136	- 31	+518	-515	+83	-83
+1 076	- 997	- 39	- 85	- 45	-1 585	+1 368	- 31	+1 666	-1 513	-95	+95
+1 126	- 913	- 36	-115	+ 62	-2 372	+ 597	- 12	+1 189	+652	+54	-54
+ 873	-1 115	-154	+ 20	- 376	- 618	+1 299	- 926	+627	+571	+953	-953

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

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

<sup>2</sup> Including Allocations of Special drawing rights 139 million in 1979 and 133 million in 1980.

<sup>3</sup> Reserve movements of other foreign exchange holders have been transferred to the short-term capital account. The short-term capital of the authorized banks is shown separately.



# 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
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
1979*	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
1980*	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793

## 1977

Dec.	2 269	1 596	750	4 615	22 695	5 775	1 717	169	30 356	25 741
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## 1978

March	2 499	1 673	840	5 012	25 107	6 068	1 774	159	33 108	28 096
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June	2 517	1 759	862	5 138	26 769	6 134	1 865	159	34 927	29 789
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Sept.	2 548	1 785	885	5 218	28 212	5 812	1 885	187	36 096	30 878
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Dec.	2 978	1 850	956	5 784	27 716	5 612	1 885	231	35 444	29 660
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## 1979\*

March	3 001	1 972	1 008	5 981	28 214	5 584	1 924	221	35 943	29 962
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June	3 179	2 089	1 029	6 297	27 763	5 172	1 923	226	35 084	28 787
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Sept.	3 419	2 226	1 066	6 711	27 724	4 956	1 930	232	34 842	28 131
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Dec.	3 389	2 324	983	6 696	28 194	4 898	1 979	300	35 371	28 675
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## 1980\*

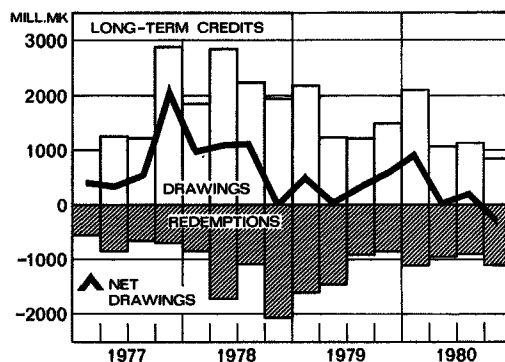
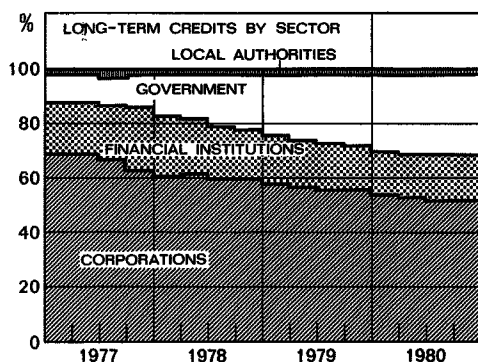
March	3 625	2 456	932	7 013	29 122	4 692	1 971	288	36 073	29 060
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June	3 534	2 539	967	7 040	28 887	4 517	1 990	268	35 662	28 622
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Sept.	3 594	2 649	972	7 215	29 251	4 482	2 029	278	36 040	28 825
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Dec.	3 872	2 806	1 051	7 729	29 730	4 377	2 075	340	36 522	28 793
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See explanations on page 22.

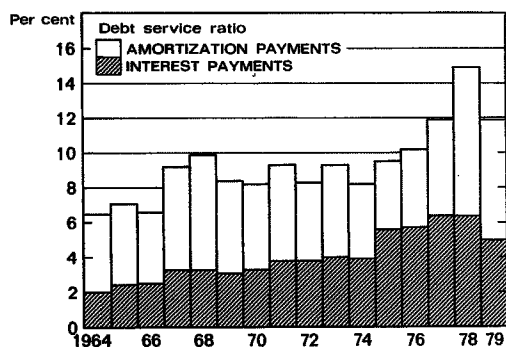
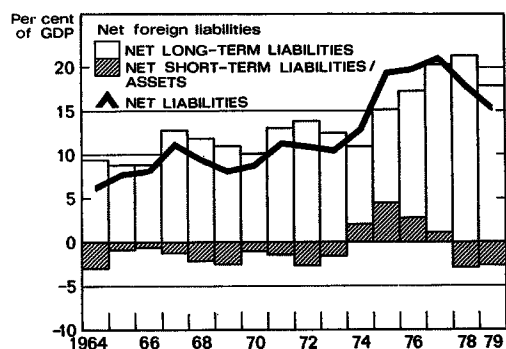


# FINLAND'S FOREIGN ASSETS AND LIABILITIES

Mill. mk

Short-term assets				Short-term liabilities				Net short-term liabilities (18-14)	Net liabilities (10 + 19)	Debt service, flow	Of which amortization payments, flow
Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (11 to 13)	Bank of Finland	Authorized banks and other foreign exchange holders	Corporate sector	Total (15 to 17)				
11	12	13	14	15	16	17	18	19	20	21	22
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
7 918	6 454	9 166	23 538	2 340	9 333	7 816	19 489	-4 049	24 626	6 457	3 472
..	..	..	..	..	..	..	..	..	..	..	..
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	8 289	20 165	1 611	6 692	7 332	15 635	-4 530	25 432	1 970	1 284
9 871	3 939	8 482	22 292	1 604	8 404	7 476	17 484	-4 808	23 979	2 085	1 082
8 601	4 141	8 787	21 529	1 579	7 620	7 808	17 007	-4 522	23 609	1 315	604
7 918	6 454	9 166	23 538	2 340	9 333	7 816	19 489	-4 049	24 626	1 087	502
8 708	6 812	9 318	24 838	3 113	10 179	7 700	20 992	-3 846	25 214	1 757	937
9 279	7 008	9 592	25 879	3 727	11 970	9 249	24 946	- 933	27 689	1 516	730
9 250	7 352	9 684	26 286	3 605	13 539	9 749	26 893	607	29 432	1 513	761
..	..	..	..	..	..	..	..	..	..	..	..

See explanations on page 22.



# PRICE INDICES

Period	Wholesale price index 1949 = 100	Basic price index for domestic supply 1975 = 100						Building costs 1973 = 100		
		Total	Origin		Purpose			Total	Wages in building trade	Building materials
			Domestic goods	Imported goods	Raw materials	Consumer goods	Investment goods			
1978	727	125.8	124.1	131.8	119.2	140.3	129.5	180.8	161.0	186.0
1979	791	138.0	135.0	148.7	133.1	150.7	139.2	198.8	177.6	204.1
1980	919	160.7	156.6	175.0	160.1	167.7	155.9	225.5	192.2	234.5
1980										
July	934	163.2	158.5	179.5	163.3	169.3	157.6	226.6	194.9	234.5
Aug.	939	164.0	159.9	178.7	163.3	171.6	159.4	228.1	194.9	236.4
Sept.	947	165.6	162.0	178.2	165.5	172.6	159.9	231.1	194.9	241.4
Oct.	957	167.3	163.9	179.2	167.3	173.9	161.7	234.9	201.0	244.3
Nov.	963	168.3	164.9	180.5	168.2	174.4	163.7	235.8	201.0	245.6
Dec.	971	169.6	165.9	182.8	170.0	174.8	164.5	237.1	201.0	247.6
1981										
Jan.	983	171.8	168.2	184.6	172.6	176.5	166.1	241.2	203.3	251.1
Feb.	1 003	175.3	170.7	191.6	177.7	176.9	168.4	242.2	203.3	252.5
March	1 020	178.2	173.7	194.1	181.2	179.4	169.9	243.0	204.0	253.5

## Consumer prices 1977 = 100

Period	Total	Food	Beverages and tobacco	Clothing and footwear	Rent	Heating and lighting	Household goods and services	Health and medical services	Transport and communication	Education and recreation	Other goods and services
1978	107.8	104.4	114.6	105.8	106.3	106.4	105.2	112.4	111.1	108.2	109.2
1979	115.9	108.8	129.4	116.3	113.1	114.4	114.4	124.1	120.2	115.5	118.4
1980	129.3	122.8	140.9	131.9	122.4	141.1	127.4	137.6	136.4	123.4	132.6
1980											
July	129.4	124.4	139.4	130.1	118.1	143.8	127.7	136.4	138.9	124.0	133.3
Aug.	131.1	124.8	139.4	131.6	126.6	144.0	128.3	140.3	138.6	125.0	133.4
Sept.	132.9	127.8	139.4	135.3	130.6	145.0	129.7	141.3	138.7	125.4	134.2
Oct.	134.2	130.4	139.4	138.7	130.6	149.6	131.4	142.6	138.7	125.5	135.8
Nov.	135.4	129.7	149.8	140.5	130.6	149.7	131.8	142.6	139.0	126.6	139.2
Dec.	136.4	128.5	149.8	141.2	132.8	152.1	132.3	144.1	141.1	128.0	141.0
1981											
Jan.	137.6	128.8	155.5	140.4	132.8	153.4	133.9	145.2	142.4	129.4	144.4
Feb.	138.8	129.3	155.5	143.2	132.8	159.4	134.5	145.3	144.9	130.0	145.8
March	140.6	133.6	157.3	142.8	134.1	163.2	135.2	145.3	146.0	130.4	147.7

# 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							
1979*	161.6	151.6	134.1	149.5	145.6	142.6	150.8	148.6	149.3	148.9
1980*	179.2	170.3	147.7	166.5	160.5	156.6	169.5	165.7	167.3	166.4
1979*										
July-Sept.	162.6	151.3	133.4	149.7	145.9	142.7	151.3	149.1	149.5	149.3
Oct.-Dec.	168.2	154.6	137.5	154.2	148.5	145.5	154.9	152.4	153.0	152.7
1980*										
Jan.-March	168.9	160.2	140.9	158.2	152.2	149.4	159.2	156.3	157.4	156.9
Apr.-June	178.1	172.1	147.1	166.6	160.9	157.0	169.8	165.3	168.3	166.8
July-Sept.	178.4	171.0	149.1	166.8	161.2	157.1	170.9	166.8	168.3	167.5
Oct.-Dec.	188.7	178.0	153.9	174.6	167.6	163.1	178.2	174.2	175.1	174.6

# PRODUCTION

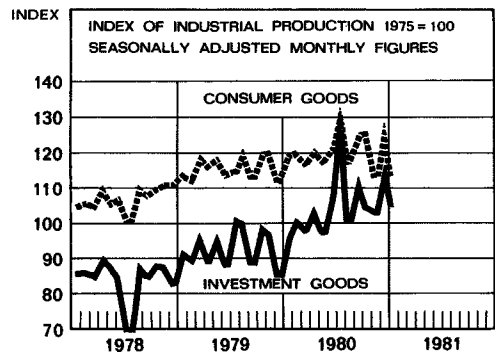
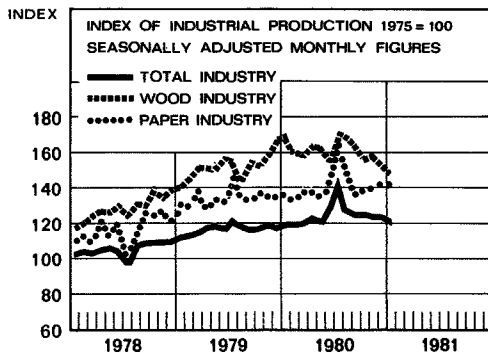
Volume indices of production 1975 = 100

Period	Gross domestic product	Industrial production	Agriculture	Forestry	Construction of buildings	Land and waterway construction	Transport and communication	Commerce	Public sector services	Others
1978										
Apr.-June	102	108	84	110	79	89	101	94	114	109
July-Sept.	98	91	159	62	99	85	102	94	115	104
Oct.-Dec.	110	114	78	147	104	87	112	106	116	108
1979*										
Jan.-March	107	118	78	145	73	85	99	90	119	107
Apr.-June	110	117	86	169	73	89	111	103	118	112
July-Sept.	106	104	158	72	96	87	113	103	119	108
Oct.-Dec.	118	126	75	153	116	91	127	112	120	114
1980*										
Jan.-March	112	126	72	149	79	87	109	97	122	112
Apr.-June	113	125	81	145	79	89	111	104	122	116
July-Sept.	115	115	181	95	110	86	121	106	122	112
Oct.-Dec.	123	133	77	162	119	86	129	114	124	118

# PRODUCTION

Index of industrial production 1975 = 100

Period	Total	Investment goods	Consumer goods	Other producer goods	Special indices of manufacturing						Total adjusted for seasonal variations
					Food industry	Wood industry	Paper industry	Chemical industries	Non-metallic mineral industry	Metal industry	
1977	101.8	93.6	100.9	104.4	96.3	199.0	104.6	101.0	94.7	98.7	101.9
1978	107.0	85.6	108.1	111.9	103.9	130.3	118.2	109.6	93.5	99.6	107.0
1979*	118.2	94.4	116.9	125.0	110.4	153.2	136.0	123.7	102.3	110.8	118.4
1980*	126.1	106.8	122.2	132.8	114.5	163.0	142.9	138.0	112.7	120.8	126.5
<b>1980*</b>											
Jan.	130.3	105.1	128.8	137.5	106.1	167.2	146.1	137.9	108.3	119.7	121.7
Feb.	124.7	104.9	121.4	131.2	101.1	160.9	137.3	136.0	105.4	118.8	121.3
March	131.6	108.3	127.3	139.5	106.6	175.7	149.3	150.0	106.4	124.0	123.5
April	124.6	105.5	120.9	131.1	110.7	188.7	129.4	142.1	109.1	120.0	124.7
May	127.6	107.4	125.6	133.6	121.0	203.4	132.5	144.5	114.7	123.9	123.0
June	123.8	113.0	116.7	129.7	109.9	171.0	129.3	133.5	112.7	126.0	130.1
July	89.5	59.4	77.9	102.6	109.7	90.2	150.6	88.2	82.3	67.9	145.1
Aug.	124.5	100.5	121.6	132.0	110.6	147.6	154.2	140.6	119.7	113.9	127.8
Sept.	134.1	120.5	128.5	140.0	121.3	179.6	145.2	144.7	131.4	135.8	126.2
Oct.	142.7	120.3	142.1	148.6	141.1	177.1	154.5	159.8	141.9	137.7	126.6
Nov.	132.3	119.1	128.4	137.4	123.5	154.8	149.1	143.2	122.5	132.7	125.6
Dec.	127.5	117.1	127.0	130.2	112.7	140.1	137.8	134.9	95.8	128.7	125.5
<b>1981*</b>											
Jan.	128.4	107.5	125.5	135.1	103.7	139.8	152.2	153.0	103.0	121.4	122.7



# LABOUR—TIMBER FELLINGS—INTERNAL TRADE

Period	Population of working age, 1 000 persons	Total labour force, 1 000 persons	Employed, 1 000 persons	Un-employed, 1 000 persons	Unemployment, % of total labour force	Commercial timber fellings, 1 000 solid cu. m	Retail sales volume index 1972 = 100	Wholesale volume index 1972 = 100
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	110	120
1979	3 593	2 223	2 134	139	6.1	37 986	117	135
1980*	3 606	2 315	2 203	112	4.8	38 283	119	141
1980*								
May	3 606	2 288	2 190	98	4.3	4 140	120	146
June	3 603	2 486	2 373	113	4.5	3 125	119	137
July	3 605	2 490	2 371	119	4.8	1 640	123	126
Aug.	3 606	2 408	2 302	106	4.4	1 881	120	140
Sept.	3 609	2 295	2 204	91	4.0	2 568	120	157
Oct.	3 615	2 355	2 234	121	5.1	3 255	125	157
Nov.	3 612	2 296	2 189	107	4.6	3 400	114	139
Dec.	3 615	2 294	2 179	115	5.0	3 775	150	158
1981*								
Jan.	3 616	2 280	2 148	132	5.8	3 397	..	..
Feb.	3 622	2 300	2 174	126	5.5	3 839	..	..

## 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											
1978	41.98	17.90	4.97	12.72	3.68	42.56	18.21	3.77	13.59	4.21	42.78
1979*	48.64	18.71	6.34	16.57	3.99	38.29	16.70	4.39	11.88	3.25	47.62
1980*	50.53	19.66	5.43	18.41	3.99	42.34	17.05	4.73	14.56	3.81	50.82
1979*											
Oct.-Dec.	9.99	3.46	1.02	3.59	1.38	14.13	6.39	1.91	4.26	0.89	47.62
1980*											
Jan.-March	8.55	3.38	1.04	3.13	0.55	8.18	3.69	0.73	2.72	0.73	44.40
Apr.-June	18.92	8.21	2.64	5.69	1.24	7.84	3.35	0.72	2.74	0.61	52.72
July-Sept.	11.97	4.69	1.01	4.49	0.91	10.77	3.47	1.37	4.05	1.11	54.62
Oct.-Dec.	11.09	3.38	0.74	5.10	1.29	13.49	5.80	1.65	4.37	1.15	50.82

# EXPLANATIONS RELATING TO THE STATISTICAL SECTION

## BANK OF FINLAND

Page 4. *Public sector*: Receivables = Government promissory notes + Bonds + Total coinage + Other public sector receivables. Liabilities = Cheque accounts + Counter-cyclical reserves + Counter-cyclical deposits + Capital import deposits + Other public sector claims. Deposit certificates are interest bearing, freely transferable, term liabilities of the Bank of Finland. Their maturities range from one week to one year.

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

*Corporate sector*: Permanent special financing schemes = Foreign bills + New export bills + Financing of suppliers credits. Liabilities, net = Deposits for investment and ship purchase + Counter-cyclical withholdings + Capital import deposits + Import levy deposits + Export deposits + Other corporate claims — Bonds — Other corporate receivables.

## MONETARY POLICY INDICATORS

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

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

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

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

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

## 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 1980 imports by countries of origin exports by countries of consignment.

## BALANCE OF PAYMENTS

Pages 14—15. Figures are calculated by the Bank of Finland. In the current account, the figures for visible and invisible trade have been revised from 1970 so that they are in accordance with the revised System of National Accounts. In addition to the Board of Customs figures, exports include fuel for carriers but exclude stevedoring expenses and imports include seamen's duty-free imports, fuel for carriers and adjusted allowance for smuggling. On Jan. 1, 1980, foreign bonds were included in the convertible foreign exchange reserves of the Bank of Finland and not in the short-term capital account as earlier. The figures for other years have also been revised accordingly.

## FOREIGN ASSETS AND LIABILITIES

Pages 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 excl. amortisation payments of the Bank of Finland's reserves and oil credits.

Columns 21 and 22 during the year and the quarter.

Chart Debt service ratio: Debt service as a per cent of current account earnings, 1978 and 1979. Debt service does not include amortisation of the Bank of Finland's reserve and oil credits.

## PRICE INDICES

Page 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 (88.4%) 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 (1979): 4.8 million. Sweden 8.3, Switzerland 6.3, Denmark 5.1, and Norway 4.1 million.

DENSITY OF POPULATION (1979): In South Finland 46.6, in East and Central Finland 14.0, in North Finland 4.0 and in the whole country an average of 15.6 inhabitants to the square kilometre.

DISTRIBUTION BY AREA (1979): 40% of the population inhabit the rural areas, 60% towns and urban districts. The largest towns are: Helsinki (Helsingfors), the capital 483 743 inhabitants, Tampere (Tammerfors) 165 883, Turku (Åbo) 163 903.

EMPLOYMENT (1979): Agriculture and forestry 12%, industry and construction 34%, commerce 14%, transport and communication 8%, financing, insurance, real estate and business services 6%, community and personal services 26%.

LANGUAGE (1979): Finnish speaking 93.6%, Swedish speaking 6.3%, others 0.1%.

EDUCATION (1980): Practically all persons over 15 years of age are literate. There are 6 universities (the oldest founded in 1640) and 15 colleges of university standard.

CHANGE OF POPULATION (1979): births 13.3 ‰, deaths 9.2 ‰, change + 2.3 ‰, net immigration - 1.9 ‰. Deaths in France 10.1 ‰ and Great Britain 11.9 ‰.

## TRADE AND TRANSPORT

NATIONAL INCOME (1979, in million marks): Gross domestic product at factor cost by industrial origin: agriculture 6 191 (4%), forestry and fishing 7 198 (5%), manufacturing 46 699 (32%), construction 10 478 (7%), trade, restaurants and hotels 16 307 (11%), transport and communication 12 375 (9%), banking and insurance 6 145 (4%), ownership of dwellings 10 217 (7%), other services 29 808 (21%), total 144 418. Index of real domestic product 112 (1975 = 100).

FOREST RESOURCES (1979). The growing stock comprised of 1 606 million m<sup>3</sup> (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, 690 million m<sup>3</sup> was up to the standard required for logs, 56% of these being pine. The annual growth was 61 million m<sup>3</sup> and the total removal calculated on the basis of roundwood consumption was 49 million m<sup>3</sup>.

AGRICULTURE (1979). Cultivated land 2.3 million hectares. Number of holdings 229 356 of which 157 673 are of more than 5 ha. Measure of self-sufficiency in bread cereals 44%. 70% in 1980.

INDUSTRY (1979). Gross value of industrial production 138 668 mill. marks, number of workers 398 020, salaried employees 133 650, motive power (1978) 7.6 mill. kW. Index of industrial production 118 for 1979 (1975 = 100).

STATE RAILWAYS (Dec. 31, 1980): Length 6 076 km.

MERCHANT FLEET (March 31, 1981): Passenger vessels 143 (238 085 gross reg. tons), tankers 41 (1 115 882 gross reg. tons), dry cargo vessels 207 (997 671 gross reg. tons), other vessels 95 (14 620 gross reg. tons), total 486 (2 366 258 gross reg. tons)

MOTOR VEHICLES (Dec. 31, 1979): Passenger cars 1 169 501 lorries and vans 143 095, buses 8 826, others 8 136, total 1 329 558.

FINNISH AIRLINES (April 1, 1981): Finnair and Kar-Air have in use 6 DC-8, 1 DC-6-ST, 5 Super Caravelles, 9 DC-9 10/14/15, 12 DC-9-51, 2 DC-10-30, 2 Fokker F-27 and 1 Embraer Bandeirante. Companies have scheduled traffic outside of Finland to 37 airports and to 20 domestic airports.

## FINANCE AND BANKING

CURRENCY. Since 1860, Finland has had its own monetary system. From 1877 until 1914 the country was on the gold standard, and returned to it in 1926. In 1931, the Central Bank's duty to redeem bank notes in gold was suspended and at the end of 1962 was entirely cancelled. The monetary unit is the mark (Finnish markka). The last par value of the mark was set on Oct. 12, 1967 and was 0.21159 grams of fine gold per mark (equivalent, at the time, to 4.20 marks per U.S. dollar). Since Nov. 1, 1977 the external value of the mark has been officially expressed in terms of a currency index. This index is trade-weighted and indicates the average change in the currencies which are important in Finnish foreign trade. The present currency weights are Rbl 20.1, Skr 17.4, £ 13.5, DM 13.2, \$ 10.0, other currencies 25.8. The permissible range of fluctuation is about 3 per cent on either side of the arithmetic mean. The fluctuation limits are 119.0 and 112.0.

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, 1980). There are two big and five small commercial banks with in all 880 offices, 275 savings banks, 372 co-operative banks, five mortgage banks. Post-pankki and three development credit institutions. The co-operative stores accept deposits from their members. The Social Insurance Institution and fifty-five private insurance companies also grant credits.

RATES OF INTEREST (Feb. 1, 1980). The base rate applied by the Bank of Finland on credit extended to the banks in the context of the quota facility is 9 ¼%. The range of rates for other credits granted by the Bank of Finland is between 7 ½% and 10 ½%. Other credit institutions time deposits 5%; 6 month deposits 6 ¼%; 12 month deposits 7 ¾%; 24 month deposits 9% 36 month deposits 9 ¾% + savings premium; 36 month deposits 9 ¾% + tax concession and sight deposits 2%. The highest lending rate 12 ½%.

# THE FINNISH ECONOMY IN 1980 AND THE CURRENT OUTLOOK

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## INTRODUCTION

After a vigorous but relatively short upswing, the Finnish economy has joined most other West European economies by entering a phase of cyclical cooling-off. During the past two years Finland's growth performance has been remarkably strong, without, however, leading to any general overheating of economic activity (Chart 1). Apart from some sectoral and local bottlenecks, no serious market imbalances have developed. While both price stability and external balance have been distorted, this can largely be explained by the recent surge in foreign trade prices and by the strength of domestic economic activity in comparison with Finland's major trade partners. Finland's international competitive position remains satisfactory and so far the level of employment has continued to increase.

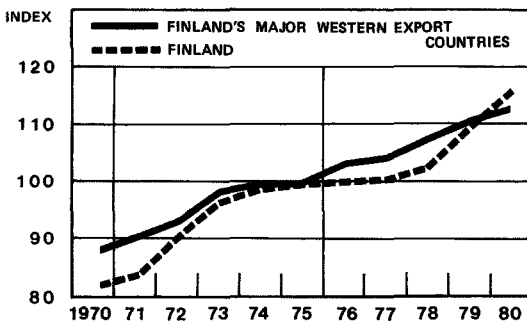
The present imbalances in the Finnish economy are in certain sense less severe than was expected during most of 1980. The strength of

activity, especially during the third quarter of last year, raised fears concerning the emergence of serious supply bottlenecks and other symptoms of overheating. However, the upswing appears to have levelled off at a lower-than-expected level of activity.

Finland is now entering a period of economic stagnation with what in historical perspective could be called relatively favourable prospects for competitiveness and external balance. The moderate two-year wage settlements recently concluded for the majority of wage and salary earners form the basis for the promising short-term outlook for Finland's external price competitiveness. Furthermore, the current account deficit, although widening somewhat, may well during 1980—1982 average less than half the relative deficit of the cyclically corresponding years of the mid-1970s.

There are, it is true, uncertainties and risks threatening the sustainability of the preconditions for better price stability and external balance. However, while facing a stagnation of economic activity and a renewed deterioration of the employment situation, it seems that Finland is now well prepared to take advantage of the gradual revival of demand in world markets expected to get under way during the latter part of the current year. Furthermore, although the scope for reflationary domestic demand management policies is restricted because of the rise of the central government borrowing requirement and the limited suitability of monetary policy for stimulating growth, the room for manoeuvre is now perhaps less constrained by competitiveness and balance of payments considerations than

**CHART 1. RELATIVE GROWTH PERFORMANCE, GDP VOLUMES**



has so often been the case before. In addition, even though Finland has, like other net importers of oil, recently suffered from a substantial loss of real income, the fact that the bulk of oil imports takes place within the framework of a bilateral trade system aimed at achieving medium-term balance has been, and continues to be, an important factor contributing to growth and employment in Finland.

## ECONOMIC SITUATION AT THE BEGINNING OF 1980

At the beginning of 1980, the Finnish economy had behind it a year of remarkably good performance in terms of growth and external balance. Although accelerating, inflation remained slower than in the OECD countries on average. The short-term costs of stabilizing the economy after the frustrating experiences of the mid-1970s had admittedly been high in terms of lost potential output and employment. Exports had been gathering momentum since 1976 and economic policies had, since 1977, been geared toward enhancing the profitability and competitiveness of enterprises and the purchasing power of households. The impact of expanding export earnings and of the reflationary policies on the overall level of economic activity and on domestic demand had been subdued for a considerable time on account of the hesitant behaviour of the private sector. However, in the course of 1979 both enterprises and consumers quickly stepped up their real expenditure.

The analogies of the outlook for 1980 with the experiences of the mid-1970s were obvious; the rapid increase in foreign trade prices in general, strong expansion of domestic demand and the threat of a slump in the western markets had been facts of life at that time as well. As after the first oil crisis, much of the inflated oil bill was to be paid in 1980 by increasing exports to the Soviet Union. While adding further impetus to growth and providing new, or securing old, jobs, it was known that these exports would, however, be concentrated in

only some sectors of the economy, and under the circumstances of strong overall economic activity the possibility of overheating in these branches could not be excluded. Economic policies pursued in the course of the year are to be seen against these prospects. Similarly, the pay agreements to be concluded in the spring of 1980 were viewed as being of crucial importance for the ability of the economy to endure the period of peak activity without serious damage.

## ECONOMIC POLICIES IN EFFECT DURING 1980

In 1977—1979, economic policies were oriented towards creating the preconditions for the expansion of domestic production in the face of the expected pick-up of demand. This mainly took the form of further measures to improve the international competitiveness of domestic production and to secure the availability of finance for productive activity and investment. While the economic policy stance was generally growth-supporting during 1979 — not least because of the continued high level of unemployment — the first moves to contain prospective demand pressures were already initiated during that year. This was followed by further, intensified action in 1980.

To curb the impact of external inflationary impulses, the external value of the Finnish mark was raised twice in the course of 1979 and once again in March 1980. The total appreciation in terms of the currency basket used to measure the external value of the Finnish mark amounted to some 5 per cent between April 1979 and March 1980. During the same period foreign trade prices in mark terms increased on average by some 15 per cent. Assuming a complete passthrough of exchange rate changes to domestic currency prices, this would thus imply that roughly one fourth of the external inflationary shock was absorbed by exchange rate appreciation. While this illustrative calculation probably exaggerates the direct price dampening effect of raising the external value

of the mark, it does not, on the other hand, take into account the indirect impact exerted through export earnings, import costs, expectations etc.

Monetary policy had taken a more restrictive posture toward the end of 1979. At times, expectations about a further increase in the external value of the mark had led to considerable short-term capital inflows, a substantial part of which being channelled through commercial banks (Chart 2). In combination with the already liquid state of domestic financial markets, capital inflows threatened to create clearly excessive financial ease in the economy. Furthermore, the necessity of a gradual tightening of financial market conditions was becoming increasingly evident because of the need to avoid excessive demand pressures with detrimental effects on price stability and the current account. Consequently, the cash reserve requirements of the banks were increased throughout the latter half of 1979 and in 1980, so that at the end of 1980 the level of cash reserve deposits already amounted to 3 300 million marks, slightly less than half of which was accumulated in the course of 1980.

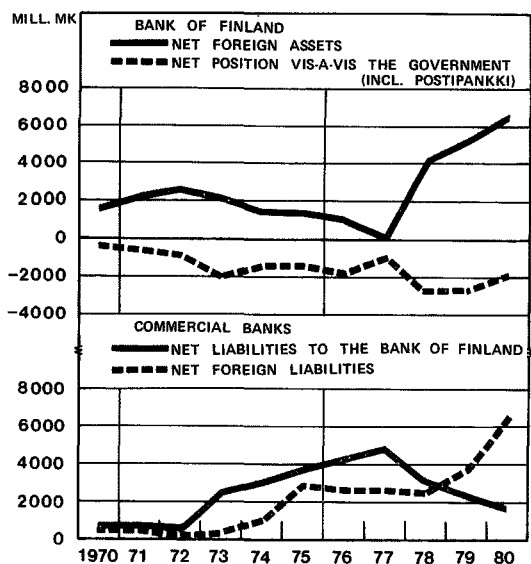
In February, 1980, the general interest rate level was raised by 3/4 of a percentage point.

Like the previous interest rate increase of 1 1/4 percentage points three months earlier, this was motivated not only by the need to check the expansion of demand for credit, but also to close somewhat the emerging gap between domestic and foreign interest rate levels. In addition, the system of central bank borrowing was revised so that a greater role was assigned to the control of call money credits by means of progressive supplementary charges. In the course of the year, there were several changes in the size of central bank credit quotas and in the scale of supplementary charges. Judged by the marginal cost of central bank finance to the banks, the overall tightening of financial markets was considerable, since by the end of 1980 the marginal cost stood at over 16 per cent compared with about 8 per cent for most of 1979. There was also a distinct, albeit smaller, increase in the average cost of central bank credit.

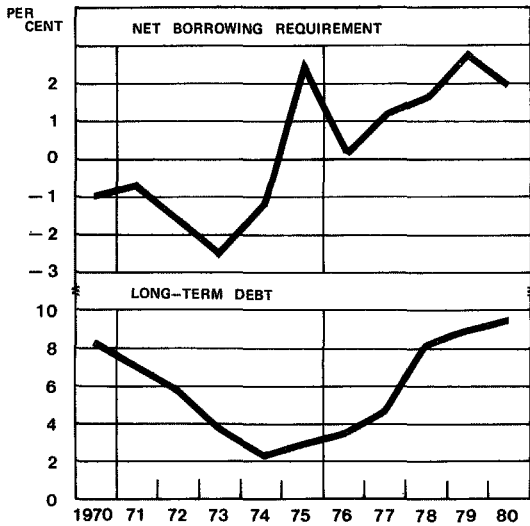
While the fiscal measures of 1977—1978 were important in creating the preconditions for subsequent rapid growth, the direct demand impact of fiscal policy did not play any major role in the upswing of 1979—1980. According to an agreement between the central government and the central municipal organizations, the growth of public consumption and administrative investment in 1977—1980 was to be curtailed below its long-term average. During the years of the upswing, 1979—1980, real public demand did in fact expand clearly less than total production. Local government expenditure in 1980 was notably more expansive than that of central government. Net transfers from the private sector to the public sector, and especially transfers to the central government, increased appreciably in 1980, not only in nominal but also in real terms. The adjustment of income tax scales for inflation in 1980 was biased on the low side, leaving some scope for fiscal drag.

Although the discretionary and automatic effects of public sector finances on the private sector cannot be calculated with any great accuracy, there seems to be enough evidence to suggest that a distinct shift toward more

**CHART 2. BANK OF FINLAND AND COMMERCIAL BANKS**



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



stringent fiscal policy took place in 1980. The net borrowing requirement of the central government was clearly reduced to an equivalent of 2 per cent of GDP (Chart 3).

The specific fiscal policy measures implemented to take some of the vigour out of the upswing included the collection of export deposits from exporters of sawn goods and pulp, counter-cyclical deposits and improved benefits for investment reserve appropriations. These schemes led to an accumulation of some 1 200 million marks of special deposits in the Bank of Finland by spring of 1981, thus mopping up some excess liquidity. Furthermore, to ease pressures in the construction sector, a special tax on »less essential construction» was adopted in the autumn as were plans to postpone some public sector construction projects to later dates.

Summing up, it is evident that the combination of monetary, fiscal and exchange rate policies applied during the upswing succeeded in reducing some of the pressure building up in the economy, which was operating at close to full capacity. Even so, during the autumn of 1980, it could be argued that a more restrictive policy stance should have been adopted at an earlier stage so as to prevent the economy from the

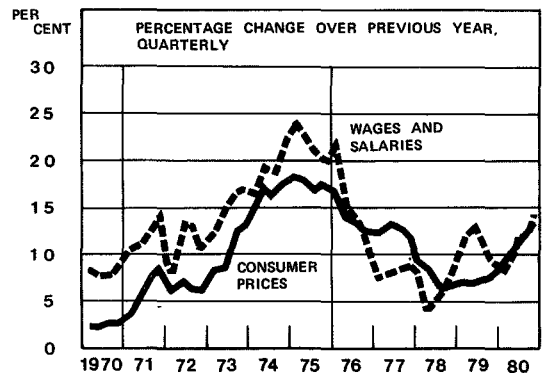
harmful consequences of overheating. As the period of peak activity has now been passed, such arguments no longer appear quite so justified. In part, at least, this is probably because some non-policy factors seem to have cooled the final phase of the upswing to a greater extent than could have been foreseen.

#### LABOUR MARKET SETTLEMENTS IN 1980

The improved economic performance and continued good outlook were clearly reflected in the atmosphere prevailing in the labour markets during the spring of 1980. Better employment prospects and accelerating inflation had led to higher wage claims, while the profitability of firms and their ability to absorb pay rises had improved markedly. Nevertheless, with the benefit of hindsight, it could be argued that the strength of the economy was generally overestimated at the time of the negotiations.

The Government tried to facilitate the conclusion of a satisfactory incomes policy agreement by the customary method of adjusting income tax scales for inflation, by increasing current transfers to households and by reducing upward pressures on employers' social security contributions. Moreover, the third small appreciation of the Finnish mark in March 1980 was closely bound up with the incomes policy situation.

**CHART 4. PRICES AND WAGES**



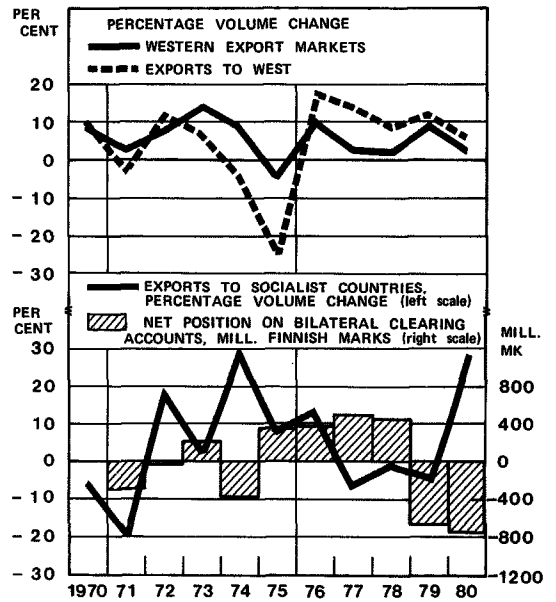
The negotiations proved rather difficult and no comprehensive pay agreement was reached. Negotiations were carried out on sector-by-sector basis with the agreements reached in the paper and metal industries setting the pattern. Some improvements in fringe benefits were included in the agreements; for instance, better annual leave allowances. In 1980 as a whole, negotiated wages and salaries increased by some 10 per cent on a year-on-year basis (Chart 4). Labour disputes were clearly more frequent than in the previous year. Some 1 ½ million working days were lost in strikes, the most important being a strike in shipping.

### OVERALL ECONOMIC ACTIVITY AND INCOME FORMATION

After two years of expansion, economic activity levelled off at the end of 1980. Total production expanded by 14 per cent between the latter half of 1978 and the latter half of 1980. During the same period, total employment increased by 7 per cent and capacity utilization in industry climbed from 80 per cent to 90 per cent. In comparison with earlier boom periods, the latest upswing seems rather strong at first glance. However, this is partly attributable to the fact that the upturn started from a very low level of activity. Furthermore, it can be seen that the upswing was relatively short as well.

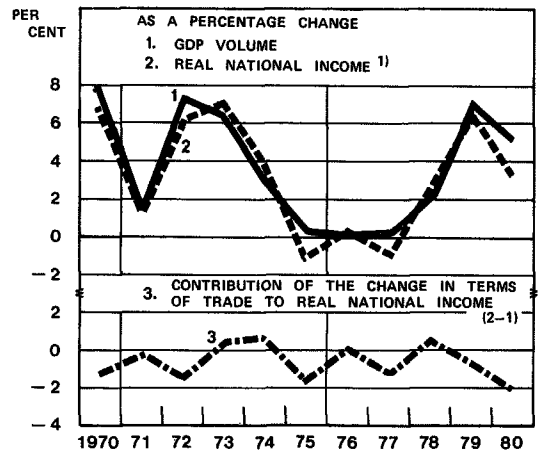
The expansion of total production last year was — in the final phase of the upswing — broadly based. Output growth varied between 10 per cent for the metal industry and 2 ½ per cent for public services. Altogether, GDP increased by about 5 per cent. According to quarterly production figures, growth was remarkably strong during the third quarter of the year, whereas it declined slightly during the fourth quarter. Even though special factors and statistical anomalies may have affected the pattern, there now seems to be enough evidence to support the conclusion that the rate of expansion has lost a considerable amount of its vigour since last autumn. Exports to the Western markets were the first to show a

**CHART 5. EXPORTS AND GROWTH OF MARKETS**



weakening in growth (Chart 5). To some extent, however, the negative impact of this on overall growth was compensated by the strength of exports to the Soviet Union. Although production to meet domestic demand continued at a brisk pace throughout 1980, it nevertheless lost some of its impetus towards the end of the year.

**CHART 6. REAL INCOME AND OUTPUT**



<sup>1</sup> GDP value deflated by the implicit price index of total domestic demand.

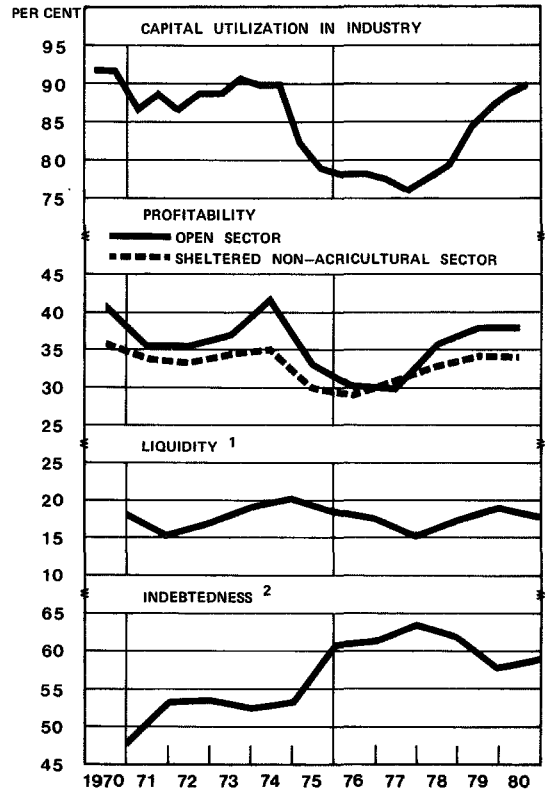
A major feature of the recent cyclical upswing is that, unlike many earlier ones in Finland, it has been accompanied by a considerable loss in real national income owing to the deterioration in the terms of trade (Chart 6). After the first oil price shock, Finland did not experience any deterioration of the terms of trade; on the contrary, they actually improved as the rise in the export prices of forest industry products matched that of imported energy products. However, since 1975 the terms of trade have already fallen by more than 15 per cent. Following the second oil price shock, the deterioration was fairly minor in 1979, but in 1980 the loss in real national income resulting from the terms of trade decline amounted to almost 2 per cent of GDP. In 1979, the increase in real national income was slightly less than the growth of 7 per cent in total output, but in 1980 real income grew by only .3 per cent, whereas aggregate production expanded by nearly 5 per cent.

How was it possible to maintain the growth of output at a far higher rate than might have been expected given the increase of purchasing power derived from domestic production? In 1980, the international price competitiveness of Finnish industry was quite good, and this was reflected in gains of export-market shares as well as in the domestic market shares of industry. This may have favoured domestic production at the expense of foreign production. However, perhaps an even more important factor in loosening the link between productive activity and domestic income formation is, the way Finland has been meeting its inflated oil bill. Under the bilateral trade agreement and clearing payments system with the Soviet Union, Finland has been paying for its oil by increased export deliveries. Thus, it has been possible to sustain production even though real income developments have suffered from the terms of trade deterioration per se.

#### BEHAVIOUR OF THE PRIVATE SECTOR

Despite expanding export earnings and favourable economic policy developments, firms kept

**CHART 7. CORPORATE SECTOR INDICATORS**

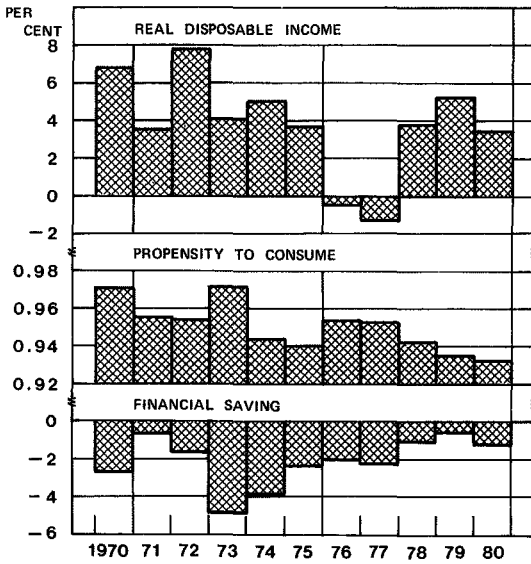


<sup>1</sup> Ratio of bank deposits and short-term foreign assets to total debt.  
<sup>2</sup> Total gross debt as a percentage of GDP.

their investment expenditure to a minimum for a long period after the recession of the mid-1970s. It was only after stronger cash flows had improved their solvency and liquidity positions and with higher capacity utilization rates that firms directed their attention towards replacing, rationalizing and extending their capital base (Chart 7). However, the cautious attitude towards investment activity was maintained throughout the upswing. There was clearly less motivation than earlier for so-called tax-push investment. Moreover, to avoid overheating resulting from an investment boom, it was important that the upturn in private investment activity did not coincide with a major wave of infrastructure investments as had been the case in the mid-1970s.

Investment activity in 1980 was at its strongest in manufacturing, but was also brisk in the private service sectors. However, towards the end of the year, the 40 per cent temporary tax

## CHART 8. HOUSEHOLD<sup>1</sup> SECTOR INDICATORS



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

on «less essential construction» effectively curbed construction investment, especially in the commerce and finance sectors. Investment in dwellings revived only cautiously after the decline experienced in 1979. In addition to branches of the heavy metal industry, construction was one of the few sectors where activity was hampered by bottlenecks.

Households used much of their increased purchasing power early in the boom to acquire financial claims and consumer durables, and were more reluctant to invest in housing (Chart 8). Households' real disposable income increased by some 3 ½ per cent in 1980, but, because of a further decline in the propensity to consume, private consumption rose by less than 3 per cent. The generally cautious behaviour of households can be explained by the continued existence of high unemployment; there was no further improvement in the open unemployment situation after the spring of 1980. Furthermore, the availability of credit for housing and consumer durables diminished in the course of the year, and this, together with higher nominal interest rates, may have caused households to remain more inclined towards financial saving rather than consumption or housing investment.

## INTERNAL AND EXTERNAL BALANCE OF THE ECONOMY

One of the major fears of economic policy-makers throughout 1980 was whether inflation could be contained as the repercussions of the second oil price shock worked through an economy on the verge of overheating. Although consumer prices increased by almost 14 per cent during 1980, a moderate deceleration took place towards the end of the year. Foreign price impulses certainly remained a dominant factor influencing overall price developments. Export prices continued to increase throughout the year at an annual rate of some 10—12 per cent, with a slight tendency to decelerate towards the end of the year. Import prices, on the other hand, rose sharply at an annual rate of up to 20 per cent until early spring, but subsequently the rate of increase slackened appreciably. The two per cent appreciation of the mark in March helped to reduce the impact of imported inflation. Later, the calmer conditions prevailing in international oil and raw material markets were also reflected in Finland's import prices.

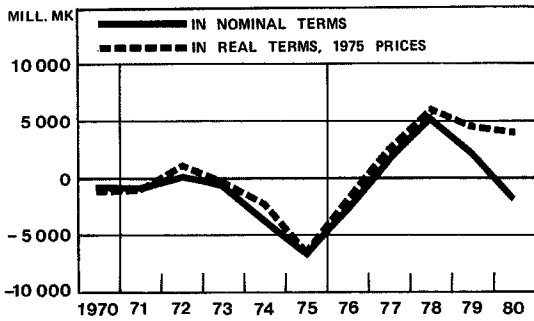
The purely domestic contribution to the acceleration of price increases remained limited. Nominal earnings rose in the course of the year by some 14 per cent with an unavoidable wage drift of the order of 2—3 per cent. While there was some acceleration in the increase of earnings in nominal terms from the previous year, earnings almost stagnated in real terms.

Demand pressures did not exert a major impact on overall price developments in 1980. In certain sectors, mainly in construction and related industries as well as in investment good industries, capacity utilization rose to near full-capacity levels. This may have generated some additional inflationary impulses. The building cost index rose in line with consumer prices during the year, but prices of new and especially old dwellings increased clearly more rapidly.

Finland's external balance has recently developed quite differently in nominal terms than it



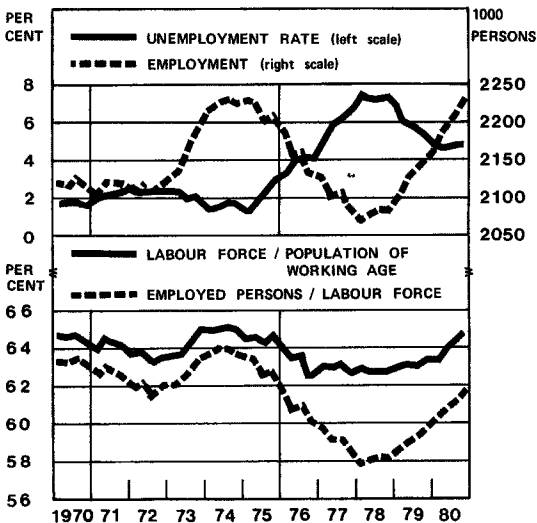
**CHART 9. EXTERNAL BALANCE, GOODS AND SERVICES**



has in real terms (Chart 9).<sup>1</sup> In part, this is a natural consequence of the deterioration in the terms of trade in the short-run. It is also partly attributable to the specific circumstances prevailing in Finland last year and in 1979. Given existing prices and good competitiveness, the clearing account framework covering a fifth of Finland's foreign trade guaranteed the maintenance of steady growth of export production and deliveries notwithstanding the slowdown and eventual decline in world trade. Thus, at fixed prices the balance of trade deteriorated only marginally in 1980, and measured in 1975 prices remained in surplus. In nominal terms, there was a shift of 4 000 million marks from a surplus in 1979 to a 1 500 million deficit in 1980.

<sup>1</sup> See also the article on the Balance of Payments and Foreign Exchange Policy in the March issue of this Bulletin.

**CHART 10. LABOUR MARKET**



On top of the 1 500 million marks deficit on the balance of trade in goods and services, there were net interest outlays on external debt of some 3 500 million marks last year. The current account deficit thus amounted to 5 000 million marks, i.e., to some 2.7 per cent of GDP. Movements of short-term capital dominated the capital accounts as about 5 600 million marks of mainly trade-related short-term capital was imported. Net imports of long-term capital were negligible, owing to the high level of foreign interest rates during much of the year, improved earnings and generally adequate availability of domestic finance. Total net foreign assets of the Bank of Finland increased in 1980 by 1 000 million marks, to 7 000 million marks. Convertible reserves were at a somewhat higher level corresponding to about 9 weeks of imports. By the end of 1980, Finland's net foreign debt stood at close to 16 per cent of GDP.

Although at 4.8 per cent the average unemployment rate for 1980 stood clearly below the 6.2 per cent recorded in 1979, there was actually little improvement in the course of 1980 (Chart 10). By the second quarter of the year the unemployment rate had declined below 5 per cent and thereafter remained virtually unchanged for the rest of the year. That the outturn fell short of expectations was due to the stronger-than-forecast supply of labour rather than to weaker demand for labour. Labour market conditions varied considerably between regions and to some extent between sectors as well. In the Helsinki area and in Southern Finland in general there was practically full employment. Furthermore, there was excess demand for skilled labour in some branches.

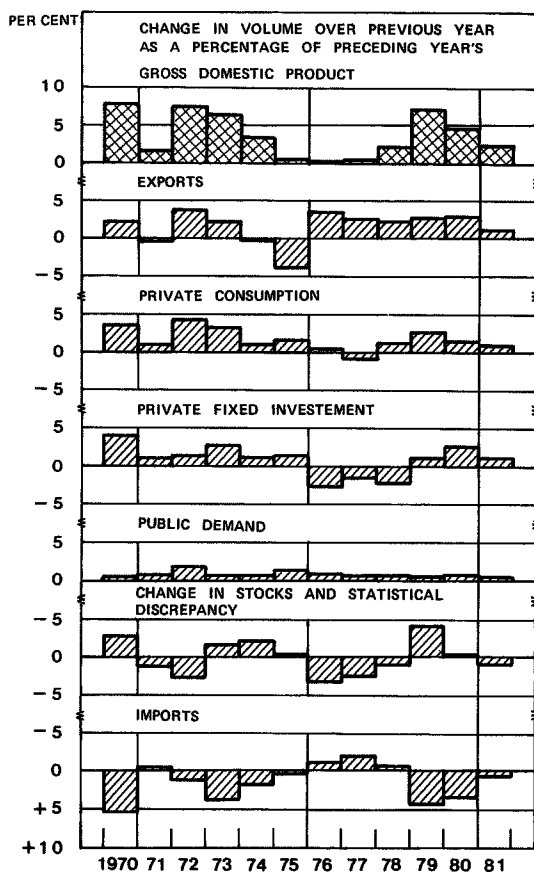
The financial markets were characterized by strong expansion in 1980, which, however, began to show signs of slowing down by the end of the year. Total credit expansion accelerated from some 11 per cent in 1979 to about 17 per cent in 1980. The major contribution to the acceleration in credit expansion came from bank advances and short-term capital imports. Central government increased its lending only

marginally. As a result of the gradually increasing stringency of monetary policy and the strong demand for credit, financial markets tightened as the year wore on. However, it is unlikely that any major investment projects suffered from lack of finance because of the increased tightness; the reluctance of firms to import foreign long-term capital provides some support for this conclusion. Nevertheless, private households and small entrepreneurs certainly felt the squeeze.

## CURRENT OUTLOOK

The Finnish economy has now entered a period of stagnation. Even so, an unchanged level of production in the course of this year

**CHART 11. CONTRIBUTION TO THE GROWTH OF GROSS DOMESTIC PRODUCT IN 1970—1981**



will produce a 2 per cent year-on-year growth rate for 1981 (Chart 11). This is still more than many other countries can realistically expect. During the first half of the current year, investment activity is likely to continue at a strong pace as machinery and equipment are installed in connection with projects started in 1979 and 1980. Along with the gloomier, more uncertain outlook and the deceleration in the growth of real incomes, consumer demand will lose much of its strength. Stockbuilding will begin to make a negative contribution to growth as demand for raw-material inventories diminishes and the stock of work in progress declines. Towards the end of the year, the rate of fixed investment is also expected to slow as projects near completion. The termination of the tax on »less essential construction» next autumn is likely to trigger off an increase in investment activity as postponed construction projects get under way. This will thus provide some support for otherwise weakening investment demand. In addition to private fixed investment, exports to the Soviet Union will continue to have a significant growth supporting influence in 1981. By contrast, imports to western industrial countries will almost certainly decline in volume, even if not at as drastically as, for instance, in 1975.

From the point of view of economic imbalances, the current year means a change for the worse, but certainly to a much lesser extent than was expected last autumn. Most importantly, the wage settlements which have been concluded to date have been moderate. Most agreements follow closely the proposal made by the government appointed mediator, i.e. the so-called Pekkanen proposal. They are two-year agreements consisting of four 2—3 per cent wage increases scheduled for March and September 1981 and March and October 1982. There is also an index clause based on the consumer price index adjusted for changes in the terms of trade and with specific thresholds for compensatory wage increases in the course of both agreement years. Thanks to these agreements, there will be only a modest acceleration in the increase in nominal earnings and Finland should be able to maintain its quite favourable

competitive position. Consumer prices are expected to increase in 1981 by some 12 per cent, on average, which is slightly higher than the forecast average for OECD countries. However, the rate of inflation is expected to slow down in the course of the year as a consequence of less imported inflation and moderate wage increases.

The current account deficit will probably increase somewhat in 1981 in nominal terms, but remain more or less unchanged in relative terms, i.e., at about 3 per cent of GDP. Import pressures will subside as production stagnates, but a continuing — even if decelerating — deterioration of the terms of trade, together with slower growth of total exports and a trendwise increase in net investment expenditure, will nevertheless produce a slightly higher nominal deficit.

The most serious imbalance facing Finland in the near future appears to be unemployment. With stagnating production, the growth of demand for labour will level off at the beginning of the year and employment will eventually decline. Since the supply of labour is likely to be boosted further by increasing participation rates, the unemployment rate will begin to gradually climb again to over 5 per cent. This will happen even though firms are expected to be reluctant to quickly shed labour on a permanent basis, relying more on four-day weeks and temporary lay-offs.

The short-term outlook for the Finnish economy has been discussed above without much reference to economic policies. This is because the policies likely to affect developments in 1981 were nearly all in effect by the end of 1980 and have been described in the beginning of this article. Subsequently, however, policy makers have, on the basis of their judgement of the outlook for economic activity and major pending imbalances, taken some new steps, which will affect developments in 1982 and beyond.

A clear deceleration in the rate of inflation remains a central policy objective. However, in view of the relatively small damage the Finnish economy seems to have suffered during the recent boom and the fairly promising incomes policy prospects, the Bank of Finland has deemed it possible to ease somewhat the stance of monetary policy. Call money market rates have been lowered by 1 percentage point to 11 ½ per cent, and about one fifth of the accumulated 3 500 million marks worth of cash reserve deposits are being released as from the beginning of April. In fiscal policy the room for manoeuvre is widely thought to be relatively limited. According to the budget plans for 1981 the total impact of the public sector on the economy will be slightly restrictive. However, the first steps in support of growth have been taken by terminating the collection of export deposits. In addition, it has been announced that the special cyclical reserves are to be released gradually beginning next autumn.

## ITEMS

**New telephone exchange number.** The main building of the Bank of Finland will receive a new telephone exchange number 1831 in May. The new number will replace the present number 170051 but not the other Bank of Finland numbers of departments outside the main building.

**Publication of the Bank of Finland.** In series D the following publication has appeared: 47, Hannu Halttunen and Sixten Korkman, Central Bank Policy and Domestic Stability in a Small Open Economy. Helsinki 1981, 79 pp. ISBN 951-686-066-4, ISSN 0355-6042.

(continued from page 2)

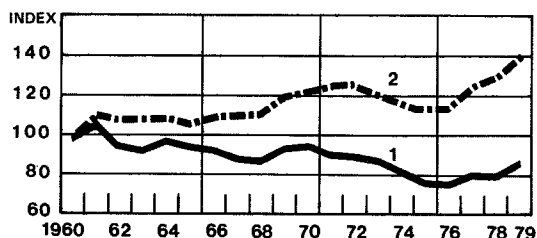
The negative impact of the commodity structure has coincided with years of slow or decelerating growth in the market economies. In 1975, the commodity structure curbed the growth of Finnish exports by as much as 9.4 percentage points. The negative impact of the commodity structure was also substantial in the previous recession years in the market economies, namely, 1962, 1967 and 1971. In contrast, the commodity structure exerted an export-supporting effect in the years of rapid growth in the market economies, that is, 1964, 1968—1969, 1972—1973, 1976 and 1979.

The developments described above indicate the vulnerability of the Finnish economy to international cyclical developments. The commodity structure of Finnish exports tends to strengthen the effects of international cyclical fluctuations on the economy. As the reverse effects are not fully offsetting over the course of the business cycle, the total impact of the commodity structure has been negative in the longer term. In the 1960s, the negative impact was on average 1.7 percentage points per annum and in the 1970s, 1.1 percentage points. Hence, the diversification in the commodity structure of exports implemented in the 1970s seems to have distinctly reduced the effect of the negative structural factor (table).

#### EXPORT PERFORMANCE ADJUSTED FOR THE IMPACT OF STRUCTURAL FACTORS

Since the dollar value of Finnish exports to Western markets during the last two decades has risen at a slightly slower rate than total imports of these markets, Finnish export performance remains modest in this respect. Although the value of total imports has been boosted by rises in the price of energy, the decline in Finland's total market shares as

**CHART. THE GROWTH OF THE MARKET SHARES OF FINNISH EXPORTS TO WESTERN MARKETS IN 1960—1979, INDEX 1960 = 100**



<sup>1</sup> The growth of Finnish exports to Western markets less the growth of imports of the same region.

<sup>2</sup> The growth of Finnish exports less the growth of imports adjusted for the impact of structural factors.

measured by the difference between the growth of Finnish exports and the overall growth of demand also reflects the structural weaknesses of Finnish exports. The picture of Finnish export performance changes fundamentally, if the comparison is based on data on the growth of external demand adjusted for the regional and commodity structure of Finnish exports rather than on data on the growth of overall demand.<sup>1</sup>

In the 1960s and 1970s, the total export-curbing impact of structural factors amounted on average to 2.7 percentage points per annum. Compared with the growth of imports of Western markets adjusted for structural factors, the average annual growth rate of Finnish exports was, in the 1960s, 2.4 percentage points, and, in the 1970s, 1.7 percentage points faster than the expansion in markets that might have been supposed, had the regional and the commodity breakdown of market shares remained unchanged. Accordingly, Finnish export companies have succeeded in conquering market shares from their competitors. However, when drawing conclusions, the limitations of the approach should be kept in mind (chart).

April 22, 1981

<sup>1</sup> The estimates concerning the 1970s presented in this article have been made by the Confederation of Finnish Industries. On the method used, see Tuomas Sukselainen: Finnish Export Performance in 1961—1972. Bank of Finland publications, Series A:35, 1974, and Bank of Finland Monthly Bulletin No. 10/1972.

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# BANK OF FINLAND

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## Board of Management

Mauno Koivisto

*Chairman, absent as Prime Minister*

Ahti Karjalainen                      Rolf Kullberg  
*Vice Chairman, Acting Chairman      Acting Vice Chairman*

Pentti Uusivirta                      Ele Alenius

Harri Holkeri                      Seppo Lindblom  
*Acting Member of the Board*

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## Directors

Markku Puntila                      Seppo Lindblom

Eino Helenius                      Pentti Koivikko

Kari Nars                      Antti Lehtinen

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## Senior officials

Pertti Kukkonen                      Ralf Pauli  
*Director, ADP-planning                      Monetary Policy*

Raimo Hyvärinen                      Kari Pekonen  
*Domestic Financing                      Exchange Policy*

M. Vanhala                      Kari Holopainen  
*Foreign Exchange                      Bilateral Trade*

Pekka Tukiainen                      J. Ojala  
*Foreign Financing                      Exchange Control*

Seppo Kostiainen                      Juhani Hirvonen  
*Deputy, Economics Dept.                      Deputy, Research Dept.*

Markku Pietinen                      H. T. Hämäläinen  
*Information                      Administration*

Timo Männistö                      U. Levo  
*Internal Audit                      International Legal Affairs*

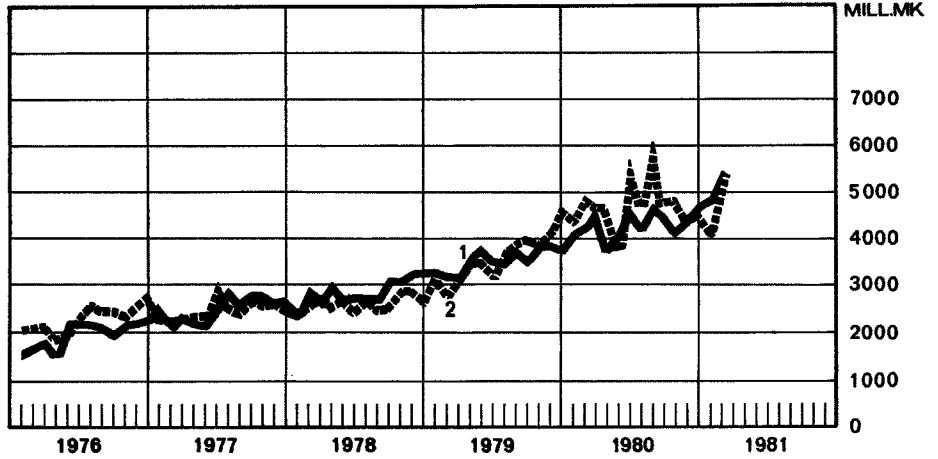
Erkki Vehkamäki                      Anton Mäkelä  
*Data Processing                      Personnel*

Stig G Björklund                      Reijo Mäkinen  
*Payments                      Cash*

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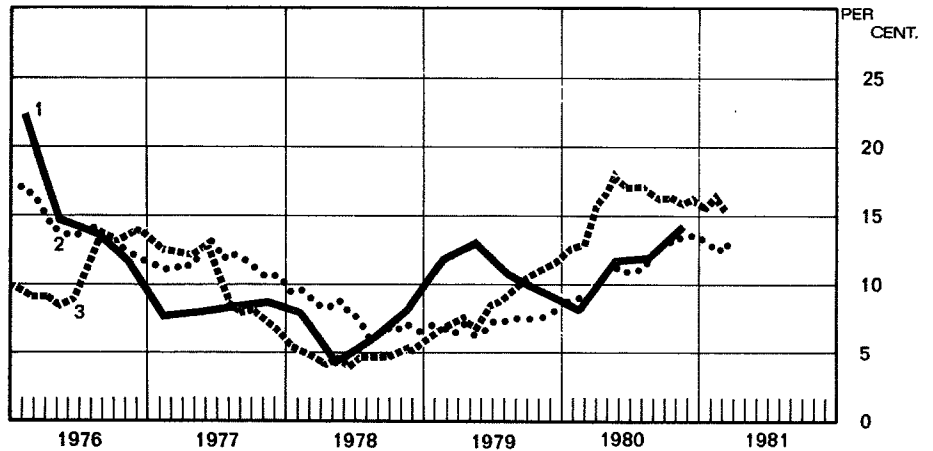
**FOREIGN TRADE, 1976-81**

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



**PRICES AND WAGES, 1976-81**

- 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, 1976-81**

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

