In order to correct the fundamental external disequilibrium which has been prevailing in the Finnish economy, to improve the employment situation and to create conditions prerequisite for an effective growth and development policy, the Finnish Government, on the proposal of the Bank of Finland and with the concurrence of the International Monetary Fund, in an extraordinary session held yesterday decided to change the par value of the Finnish Markka as follows:

The par value of the Markka, which since 1 January, 1963, has been 0.27771 grams of fine gold per Markka, shall be 0.211590 grams of fine gold per Markka, effective 12 October, 1967. In terms of gold the par value of the Markka is thus decreased by 23.81 per cent, and, correspondingly, the exchange rates for foreign currencies in terms of Markkas are raised by 31.25 per cent. On the basis of the new par value of the Markka, the par rate for the United States Dollar will be Fmk 4.20, for the Pound Sterling Fmk 11.76, for the DM Fmk 1.05, and for the Swedish Krona Fmk 0.81.

In order to contain pressure on prices and costs, to safeguard internal monetary equilibrium and to tax windfall profits resulting from the change in the par value of the Markka, the Finnish Government has decided to submit to the approval of the Parliament a proposal for a new Export Levy Act.

To prevent rises in price and cost levels unrelated to the present measure, the Finnish Government has at the same time announced that prices for commodities significantly affecting the level of cost of living must be approved by the Ministry for Social Affairs.

In order to slow down the increase in import prices and to speed up measures designed to make domestic production more efficient, the Finnish Government will submit a proposal to the Parliament according to which duties on products referred to in Article 3 of the Agreement creating an Association between the Member Countries of the European Free Trade Association and the Republic of Finland, will be removed on 1 January, 1968.
Until the end of 1968, the development of earnings of most groups of income earners will be determined on the basis of existing agreements and legal provisions. In order that the prerequisite conditions for speeding up economic growth which have been created through the change in the par value of the Markka would be maintained and in order that the improved external competitiveness could be preserved, the Finnish Government considers it necessary that the decisions related to incomes policy should at the end of 1968 be gauged in such a way that the subsequent rise on nominal earnings be compatible with the development of total production and productivity.