

August 6, 1992

Declaration on Economic Policy by the Finnish Government

1. The Government is committed, unanimously and determinedly, to continue the economic policy of its governmental programme, which is based on the securing of the open sector's competitiveness, stable exchange rates and the curtailment of the public deficit.
2. All the parties of government emphasize their will to continue the implementation of this policy under the present governmental coalition, and they do not consider that there could be any alternative governmental base to conduct this economic policy.
3. The Government adheres to the tight expenditure framework for the central government budget decided upon for 1993-1995. In case changes in expenditures arise after more precise economic data become available in the course of the autumn, these will be covered by means of equal cutbacks, so that the expenditure framework set can be realized.
4. The Government emphasizes the need to reach an incomes policy settlement supporting the revitalization of the economy and employment and it appeals to the labour market organizations so that these would operate effectively and firmly for such a settlement.
5. Savers will be provided with an opportunity for 36-month tax-exempt deposits at a rate of interest which is one percentage point lower than the base rate of the Bank of Finland (now 9.5 %). At the same time, the Tax Relief Act of Deposits will be amended so that such deposits can be made until the end of 1993 and 24-month term deposits until the end of 1994.
6. The Government states that the Government Guarantee Fund will secure the stable functioning of the banking system under any circumstances. The Government deems it important that unhealthy interest rate competition can be curbed by means of the Government Guarantee Fund.
7. The Government will take steps to amend the Act on the Government Guarantee Fund to the effect that it will be possible to acquire, against the support provided by the Guarantee Fund, banks' real property for the Guarantee Fund or any company set up by it.
8. The Government will take steps to revise the regulations on deposit protection after the EC Directives on deposit protection have entered into force and after the Finnish banks' financial conditions have been stabilized, so that the firm functioning of the financial markets cannot be hampered.