

FRANCE - FOREIGN EXCHANGE CONTROLS DROPPED (RELEADS CN 104)

PARIS, SEPT 4 (REUTER )- FRENCH FINANCE MINISTER FRANCOIS-XAVIER ORTOLI SAID TODAY THAT FRANCE'S FOREIGN EXCHANGE CONTROLS WERE BEING CANCELED IMMEDIATELY.

THE CONTROLS WERE IMPOSED ON MAY 31 TO PROTECT THE FRENCH FRANC AGAINST SPECULATION. THE FRANC WAS SUBJECT TO A SHARP SPECULATIVE ATTACK AFTER STUDENT RIOTS AND A PARALYZING NATIONAL STRIKE SHOOK CONFIDENCE IN THE FRENCH ECONOMY.

ORTOLI MADE HIS ANNOUNCEMENT BEFORE A MEETING OF THE NATIONAL ASSEMBLY'S FINANCE COMMISSION.

EARLIER TODAY THE FRENCH CABINET APPROVED A DRAFT BUDGET FOR 1969 WITH TOTAL SPENDING REPORTEDLY INCREASED 12.4 PER CENT OVER THIS YEAR. TOTAL FIGURES WERE NOT DISCLOSED IMMEDIATELY, HOWEVER.

ORTOLI TOLD THE FINANCE COMMISSION THAT THE BUDGET WAS AN ESSENTIAL PART OF THE GOVERNMENT'S ECONOMIC POLICY "AIMED AT STRONG EXPANSION TO FACE INTERNATIONAL COMPETITION."

STATE INFORMATION SECRETARY JOEL LE THEULE SAID THE GOVERNMENT DEFICIT NEXT YEAR WOULD BE ABOUT 2,317 MILLION DOLLARS (11,587 MILLION FRANCS).

THE NEW BUDGET IS REGARDED AS ONE OF THE MORE IMPORTANT POLICY STATEMENTS OF PRESIDENT CHARLES DE GAULLE'S 10-YEAR RULE, SINCE IT MUST HELP THE FRENCH ECONOMY ABSORB THE SHOCK OF LAST SPRING'S SOCIAL AND ECONOMIC UPHEAVAL.

THE GOVERNMENT SAID PREVIOUSLY THAT THE BUDGET WOULD GIVE PRIORITY TO EDUCATION, AGRICULTURE, EMPLOYMENT AND JOB TRAINING WHILE OTHER SECTORS, INCLUDING THE MILITARY, WOULD HAVE TO GO THROUGH A PERIOD OF AUSTERITY.

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