

United Nations GENERAL ASSEMBLY

SEVENTEENTH SESSION

Official Records



**SECOND COMMITTEE, 861st
MEETING**

Wednesday, 5 December 1962,
at 10.50 a.m.

NEW YORK

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Chairman: Mr. Bohdan LEWANDOWSKI
(Poland).

AGENDA ITEM 35

Economic development of under-developed countries (A/5220) (continued):

(b) **Establishment of a United Nations capital development fund: report of the Committee established under General Assembly resolution 1521 (XV) (A/C.2/L.660, E/3654)**

CONSIDERATION OF THE JOINT DRAFT RESOLUTION (A/C.2/L.660) (concluded)

1. Mr. CUBILLOS (Chile) was concerned to see that the capital-exporting countries had not voted for the draft resolution (A/C.2/L.660) and hoped that in the future they would adopt a more positive attitude towards the efforts to establish a United Nations capital development fund.

2. Mr. UNWIN (United Kingdom) said that the Committee could not have been surprised by the vote cast by his country, in view of the fact that the latter's

position was well known. While respecting the sincere desires of the sponsors of the draft, the United Kingdom still thought that there could be no hope of the resources needed to establish a United Nations capital development fund being available in the near future, since at the present time ways were already being sought as to how to renew those of IDA, which were completely committed. The United Kingdom had, in five years, doubled its contribution to economic assistance from public sources and was not in a position to increase its efforts. Nor could it consider the establishment of a new body while existing machinery sufficed to employ the available resources effectively. That was why the United Kingdom had not taken part in the formulation of the statute of the fund in the Committee on a United Nations Capital Development Fund and had not voted for a draft resolution which it considered unnecessary. It had voted against paragraphs 3 and 5 (b) and doubted whether the renewing of the mandate of the Committee, provided for in paragraph 4, would yield practical results in existing circumstances.

3. Mr. KLUTZNICK (United States of America) recalled that his Government had agreed to take part in the work of the Committee on a United Nations Capital Development Fund only after having made certain reservations, and that its position regarding a United Nations capital development fund was therefore perfectly consistent. The United States had often shown how greatly it was interested in the efforts made to accelerate the economic growth of the under-developed countries, and it had contributed substantially to the establishment and support of the International Development Association, the Inter-American Development Bank and the Special Fund. It had also gradually become convinced that the slowness of the progress achieved was attributable principally to the absence of qualified personnel and of the values essential to successful expansion rather than to the question of external aid. That was why it had promoted projects to stimulate the training of that personnel and the introduction of sound political and economic institutions. At the same time, the United States continued to be the largest provider of external assistance and capital.

4. In its opinion, increasingly greater capital must continue to be supplied for economic development, both through the United Nations and the specialized agencies and through other bodies, if the necessary progress in economic development was to be achieved during the present decade. The United States was therefore disturbed to see that despite the size of its own pledge—namely, \$60 million, subject only to the condition that the United States contribution should not exceed 40 per cent of the total—the Expanded Programme of Technical Assistance and the Special Fund were still far from attaining their objectives.

Moreover, the President of the United States had supported the proposal of the President of the International Bank concerning a possible increase in the resources of IDA. The question was not whether funds should be supplied, but simply which agencies would have the task of distributing them and how they should be invested if maximum results were to be obtained. The United States favoured existing institutions. At the last session of the General Assembly, the United States had spoken against the proposal for the establishment of a capital development fund, and it continued to oppose it. The establishment of a new international institution would, in fact, merely lead to duplication of machinery, with no net increase in resources.

5. Mr. VIAUD (France) explained that his country had not been prepared to associate itself with the draft resolution, for reasons which he had already stated both in the Committee on a United Nations Capital Development Fund and in the Economic and Social Council. The French Government would not be in a position at the moment to make to the new fund a contribution corresponding to that which it was making to international technical assistance. Apart from the fact that it had undertaken large-scale bilateral programmes, it had recently associated itself with the increase in assessments for the International Bank and IMF and had made a substantial contribution to IDA. Further, his Government had recently approved a study of measures calculated to enable IDA to continue operations. The establishment of a new fund would run the risk of duplicating those measures and would impose a financial burden which France was not at present in a position to bear. His delegation had voted against paragraph 3 and paragraph 5 (b) and had abstained on the draft as a whole. That vote did not signify disagreement with the objective aimed at, viz, the economic development of the under-privileged countries through contributions of capital and the furnishing of the largest possible measure of assistance.

6. Mr. SMID (Czechoslovakia) said that he had voted for the draft resolution because his country had always supported the idea of the establishment of a United Nations capital development fund. However, that decision did not mean that Czechoslovakia approved the draft statute formulated by the Committee on a United Nations Capital Development Fund and appearing in its report (E/3654): it had already expressed to that Committee a number of reservations on certain points in that document and had not been able to support it as a whole. The adoption of the draft resolution would give the Committee on a United Nations Capital Development Fund the opportunity of approving the statute; that would further the efforts made to establish a United Nations capital development fund in which countries at different levels of economic development or with different economic and social systems would participate.

7. Mr. DAVIS (Australia) said that he had abstained in the vote on the draft resolution, not because his country opposed the provision of development capital or technical assistance, having made a considerable contribution to United Nations programmes and to the Colombo Plan, but because it did not think it wise to decide to establish a new fund if it was still unknown when the necessary resources would be available. As the countries which were traditionally the principal source of capital had categorically stated that they

would be unable to contribute to the fund, the draft resolution was premature. In addition, the creation of a new institution would risk diverting to it resources which were at present supplied to the existing institutions.

8. Mr. KADOTA (Japan) said that his country recognized the need to increase assistance in terms of capital supplied to the under-developed countries. That did not mean, however, that it was necessary to establish a new international institution: the chances of financing such a new institution were practically non-existent, as the principal countries which might contribute to it had always been clearly opposed to it. That being so, even if the statute were approved and the fund were established, it could not function. Accordingly, his delegation had abstained in the vote on the draft resolution. Japan was aware of the important role which IDA could play, and would give it all its help.

9. Mr. ZADOTTI (Italy) recalled that his country had already expressed its reservations on several occasions, both in the Committee on a United Nations Capital Development Fund and in the Economic and Social Council. His delegation had abstained in the vote on paragraph 3 of the draft, as it had done on a similar paragraph in Economic and Social Council resolution 921 (XXXIV). The meaning of that paragraph was not clear. If it was a matter of asking the economically advanced countries to reconsider their position regarding the establishment of a capital development fund, the Secretary-General could hardly intervene since that was a decision which the States concerned took as fully sovereign Powers. On the other hand, if the intention was to ask the Secretary-General and the economically advanced countries to join in seeking measures designed to ensure the establishment of a capital development fund, they were in fact being asked to take no notice of either the Committee on a United Nations Capital Development Fund or the Economic and Social Council or the General Assembly. Moreover, the words "at the earliest time possible" did not appear in the passage of Economic and Social Council resolution 921 (XXXIV) which paragraph 3 was supposed to reproduce. His delegation had also abstained on paragraph 5 (b), because it was premature to ask the Committee on a United Nations Capital Development Fund to propose practical measures before knowing what Governments thought of the statute which had been formulated. However, since his delegation considered that the draft was basically concerned with questions of procedure and that it was very useful to ask the opinion of all the Member States, it had voted in favour of the draft resolution as a whole.

10. Mr. LUQMAN (Mauritania) regretted that certain countries which could make most useful contributions to the United Nations capital development fund had abstained from voting on the draft resolution; he hoped that they would reconsider their attitude. It was obvious that the existing institutions were not in a position to satisfy the developing countries' growing needs for capital. He hoped that a solution could be found after the necessary discussions referred to in paragraph 3 of the draft.

11. Mr. BRONNIKOV (Byelorussian Soviet Socialist Republic) said that his country appreciated the advantages to be derived by the under-developed countries from the establishment of a capital development fund, which would promote their economic de-

velopment and industrialization. Such a fund, however, had no magic properties and its practical effectiveness would depend on its operation. The statute formulated by the Committee on a United Nations Capital Development Fund was far from perfect, and it was because the Byelorussian delegation considered that the draft resolution might enable its faults to be eliminated that it had supported the resolution.

AGENDA ITEM 39

Permanent sovereignty over natural resources (A/4905, A/5060, A/5225, A/AC.97/5/Rev.2 and Corr.1, A/C.2/L.654 and Corr.1, E/3511, E/L.914, E/L.915, E/L.918, E/L.919, E/SR.1177-1179, E/SR.1181) (continued)

CONSIDERATION OF THE DRAFT RESOLUTION OF THE COMMISSION ON PERMANENT SOVEREIGNTY OVER NATURAL RESOURCES (A/C.2/L.654 AND CORR.1) (continued)

12. Mr. BUTTI (Iraq), exercising his right of reply, referred to the remarks made by the representative of Greece, who had accused the Committee, at its 859th meeting, of showing immaturity and irresponsibility in connexion with the adoption of the draft resolution submitted by the Commission on Permanent Sovereignty over Natural Resources (A/C.2/L.654 and Corr.1). It had been obvious from the Greek representative's statement that he was referring particularly to the developing countries, although he had later excused himself and had contended that his remarks had been addressed to the Committee itself. But The New York Times of 5 December had given such a tendentious version of the Committee's proceedings that it would be well for the Greek representative to clarify his remarks, if he did not wish the observations attributed to him by the newspaper in question to cast discredit not only on the Committee and on the developing countries but also on Greece itself.

AGENDA ITEM 34

United Nations Development Decade: report of the Secretary-General (A/5194, A/C.2/L.662 and Corr.1 and 2 and Add.1-6, E/3613, E/3613/Add.1, E/3613/Add.2 and 3, E/3658, E/3664, E/3674) (continued)

CONSIDERATION OF THE JOINT DRAFT RESOLUTION CONCERNING THE ESTABLISHMENT OF A UNITED NATIONS TRAINING AND RESEARCH INSTITUTE (A/C.2/L.662 AND CORR.1 AND 2 AND ADD.1-6) (concluded)

13. Mr. UNWIN (United Kingdom) said that the United Kingdom delegation was keenly interested in the question of the establishment of a United Nations training and research institute because a large number of the developing countries would benefit from the programme envisaged more than from any other form of technical co-operation: the satisfactory running of public affairs depended on the quality of the administrative personnel. The United Kingdom had supported the various programmes which the United Nations had undertaken in that field, particularly the OPEX programme, and had carried out similar programmes itself. He was happy to see that the efforts already made had been taken into consideration by the sponsors; and he wished to congratulate the Government of the Netherlands on its generous offer, mentioned in the second preambular paragraph. The

study envisaged in paragraph 3 would be highly useful, and the United Kingdom delegation would therefore vote for the draft resolution (A/C.2/L.662 and Corr.1 and 2 and Add.1-6).

14. Mr. AMADOR (Mexico) said that he was willing to support any constructive proposal for promoting the training of personnel designed to assist the developing countries; he, too, wished to thank the Netherlands for its generous offer. He noted that paragraph 3 of the draft resolution made no reference to the possibility of the persons trained working in the service of individual countries, as envisaged in the fourth preambular paragraph, and he suggested that paragraph 3 be expanded to cover such a possibility.

15. Mr. KLUTZNICK (United States of America) wished to associate himself with the congratulations addressed to the Netherlands Government. He would give his entire support to the draft resolution, which was of vital importance for the success of the United Nations Development Decade, since countries would have an ever-growing need for the personnel trained by the institute contemplated. The United States would therefore be happy to become one of the sponsors of the draft resolution.

16. Mrs. WRIGHT (Denmark), whose delegation was among the sponsors of the draft resolution, said she was happy to announce that Canada and the United States had joined the sponsors. She also stated that, in order to meet the wishes of the representatives of the specialized agencies, the sponsors had decided to add to corrigendum A/C.2/L.662/Corr.2 the words "and taking into account the views of the specialized agencies". She further proposed, in response to the remarks of the representative of Mexico, to add to paragraph 3 (a) the words "or for national service", and thought that the sponsors of the draft resolution would raise no objection to such an addition.

17. Mr. ARKADYEV (Union of Soviet Socialist Republics) thought that the subject of the draft resolution was not necessarily within the province of the Second Committee. The problems at issue were mainly social; moreover, it was not known what the activities of the proposed institute would be. He thought undue haste should be avoided and suggested that there should be consultation with the Third Committee, which in his opinion was possibly more competent to deal with such questions.

18. The CHAIRMAN said that the General Assembly had referred agenda item 34 to the Second Committee for consideration. Consequently, although the Committee was master of its own procedure, it should give its decision on that question. He believed he was right in assuming that the USSR representative was not firmly opposed to consideration of the question by the Second Committee.

19. Mr. ALMEIDA (Brazil) pointed out that the draft resolution simply requested the Secretary-General to study the possibility of establishing a United Nations training and research institute. Such a study would have both economic and social aspects and its results would be presented to the Economic and Social Council. He thought that in giving its decision on the questions, the Second Committee would not be prejudging in any way the opinion of the bodies concerned with social problems. In order to speed up its work, the Second Committee could give its decision immediately, it being understood that the draft resolution

called simply for a study and that the United Nations organs responsible for social questions, particularly the Social Commission of the Economic and Social Council, would have full latitude to examine the social aspects of the problem.

20. Mr. ARKADYEV (Union of Soviet Socialist Republics) observed that it was stated, in the second preambular paragraph, that the offer made by the Netherlands Government was for the establishment of a research institute for social development. The Second Committee, however, did not deal with social questions. He recognized that the Second Committee was bound by the decision of the General Assembly, but he believed it would be useful to consult with the Third Committee. However, he would not press his proposal and would content himself simply with raising the question.

21. Mr. KLUTZNICK (United States of America) thanked the USSR representative for not pressing his proposal. He recalled that the offer of the Netherlands Government had been the subject of a report to the Fifth Committee (A/C.5/936). The offer was referred to in the draft resolution simply in order to thank a Government for a generous and constructive offer.

22. The CHAIRMAN stated that the draft resolution (A/C.2/L.662 and Corr.1 and 2 and Add.1-6) would have no financial implications for the Secretariat. He put to the vote the text as amended by the sponsors.

The draft resolution, as amended, was adopted by 71 votes to none, with 6 abstentions.

23. Mr. GOLSALA (Chad), Mr. YAKER (Algeria) and Mr. ANGARITA (Colombia) expressed their regret at having been absent during the voting on the draft resolution; they would have voted in its favour.

AGENDA ITEMS 12 AND 35

Report of the Economic and Social Council (chapters I to III, V and VI) (A/5203, A/C.2/L.663) (continued)

Economic development of under-developed countries (A/5220, A/C.2/L.663) (continued)

CONSIDERATION OF THE DRAFT RESOLUTION CONCERNING INFLATION AND ECONOMIC DEVELOPMENT (A/C.2/L.663)

24. Mr. ALMEIDA (Brazil), introducing the draft resolution (A/C.2/L.663), said that he would clarify the sponsors' intentions which were, in any case, self-explanatory.

25. First of all, the draft resolution was not a criticism of the policies of international organizations that dealt with monetary aspects of economic disequilibria. On the contrary, the great experience of those organizations, given their unquestionable desire to help under-developed countries, would be invaluable in the research work contemplated and, whatever the results of that research, they would be automatically incorporated in the body of doctrine which guided those organizations. Secondly, it was far from the intention of the sponsors to defend any theory of economic development based on inflation. On the contrary, they were convinced that inflationary pressures, which crept, in particular, into the process of accelerated development at low income levels, tended eventually to distort and finally bring develop-

ment to a complete halt. That was why it was suggested that the United Nations should look more thoroughly into the problem than had been done in the past. The sponsors believed, together with a growing number of eminent economists, that the efforts to accelerate economic development in non-industrialized countries, when starting at relatively low levels of income, tended in the long run to disrupt entirely the process of growth. In other words, given certain characteristics of the under-developed economies, it became extremely difficult to obtain balanced growth in those countries and more especially accelerated balanced growth.

26. In that sense, the traditional theories of inflation, as developed in the industrialized countries, did not appear to be strictly relevant to the under-developed countries organized on free-enterprise lines. In particular, the theory that attributed inflation either to excessive demand or to "cost-push" and especially to "wage-pushes" did not provide an adequate explanation of the differences observed among the under-developed countries themselves in relation to inflation and growth. The reciprocal seemed to be also true, and the present theories of economic growth threw very little light on the problem as a whole. The most conspicuous of the combinations appearing in under-developed countries at the moment were: rapid growth and relatively high levels of inflation; slow growth and high levels of inflation; and moderate inflation with moderate growth. Examples of rapid growth with no inflation or very moderate inflation seemed to be lacking in the under-developed low-income countries.

27. Even though certain countries, like Brazil, had had high levels of real growth and of inflation for a decade, Brazil was convinced, and that was certainly the view of the sponsors of the draft resolution, that inflation, in the long run, would always be an impediment to economic development and must therefore be curbed. What was not clear was how to curb inflation without at the same time curbing rapid growth. After all, it should not be forgotten that the United Nations was committed to a programme of accelerating the economic development of under-developed countries in the present decade. If, because of that effort, low-income countries experienced economic disequilibria which, like inflation, put the brake on their economic development, the least that the United Nations could do was to study the problem more closely. The United Nations, together with the specialized agencies, was in a specially good position to undertake that kind of research, having accumulated in the last decade, through technical assistance of all types, a vast amount of relevant material.

28. The problem was all the more important because both the theoretical framework and the international approach to the problem of inflation had been over-simplified. In that sense, the failure of stabilization plans and the recurrent foreign-exchange crises in many under-developed countries were very often regarded as "moral debauchery". Apparently that was never ascribed to irresistible distributive pressures (claims on consumption) or growth pressures (claims on investment) in a world-wide environment unfavourable to exports of primary commodities and in an institutional framework which could not limit consumption and encourage investment at the same time. It was easily forgotten that, even in those under-developed countries where remark-

able efforts had been made to promote progress, whatever development had been achieved had hardly ever brought stability. Economic development meant change and, in under-developed societies, that change disrupted the old order before the new one was soundly established. It was also forgotten that both developed and under-developed countries operated to a considerable extent according to certain types of routine, while developing countries had to break away from traditional patterns. They experimented with methods which were revolutionary in character and required a revolution in the attitudes of those who employed them.

29. One of the objections which the sponsors had often heard repeated derived from the fact that a conference on inflation and growth in Latin America, convened by ECLA, would be held at Rio de Janeiro in January 1963. The purpose of that conference was to emphasize the need for the work requested in the draft resolution. The Rio conference would be short and would be essentially limited to Latin American experience. Much could be expected of the conference and the study requested could certainly take advantage of its proceedings.

30. Passing to the draft resolution, he pointed out that the fourth preambular paragraph was particularly important, as illustrated by the examples in the two following paragraphs, which did not in any way deny that it was possible to start and to feed inflation through monetary misbehaviour. Nor did they suggest that in such cases the adequate remedy should not be found in the numerator of the monetary-economic equation. What they hinted was that disequilibrium might be the consequence of the automatic misbehaviour of economic forces on the denominator of the equation and that that disequilibrium, once it had set in, could be accelerated by a series of social and economic multipliers built into the economy by the process of stagnation that preceded the development effort.

31. On behalf of the sponsors, he stated that the Hungarian amendments (A/C.2/L.688) greatly improved the text and could be considered as incorporated in it. With regard to the first amendment, it was often forgotten that the deterioration in the terms of trade of under-developed countries meant a marked rise in costs and prices for them and a reduction in costs and prices for the developed countries which thus benefited twice from their trade with the under-developed countries. The second amendment was also acceptable. ECLA was dealing actively with the problem and it was certain that its co-operation could only have good results.

32. The idea expressed in paragraph 1 of the draft resolution was that a start should be made with a careful analysis of the economic and statistical material already available and that it should be cast in the conceptual mould that would be meaningful for planners in national and international agencies. The sponsors in no way wished to prejudge the next steps to be taken by the Secretary-General, but it was the impression of the Brazilian delegation that the best way to undertake that exacting research might be to have it done by a panel of experts. A small group of university researchers could do the work in the time allowed.

33. Mr. KOMIVES (Hungary) recalled the disastrous effect on Hungary of the inflation which had followed the Second World War and the way in which the situa-

tion had been stabilized without recourse to foreign loans. Inflationary processes were not necessarily the same in the industrial as in the under-developed countries, but the level of economic activity during the Hungarian inflation had been to some extent similar to that in a number of under-developed countries and it would not be without interest for the latter to analyse the measures taken in Hungary to halt inflation in 1946.

34. The preamble of the draft resolution apparently wished to provide a guide-line for the study requested, but it would not be complete unless it also mentioned the relation between inflation in the industrialized and that in the developing countries. It would also be interesting to know the role of foreign trade in the shifting of income mentioned in the second preambular paragraph. It would, in addition, be useful to study the extent of the indirect impact of the rise in the prices of manufactured goods on the State budget and internal price level. It was for those reasons that Hungary was proposing the inclusion of a new preambular paragraph. Moreover, his delegation considered that full use should be made of the knowledge of the regional economic commissions on the subject; they were well acquainted with the problems of their regions and would therefore be in a particularly good position to contribute to the proposed over-all study as they themselves had made some studies on the problems of inflation.

35. Mr. EL BANNA (United Arab Republic) said that he did not agree with the Brazilian representative that the draft resolution required no explanation; in fact, it raised a number of problems and contained many points which seemed to him rather vague. There had always been differences of opinion as to whether inflation was good or bad and how far a country might resort to deficit financing in order to carry out a development programme or to stimulate its economy. Much had also been said regarding open inflation, which permitted prices to rise, and concealed inflation, which increased demand by fixing price ceilings. It was therefore evident that a general study might be a considerable undertaking, especially as the International Monetary Fund, when carrying out similar studies, sent missions of three or four members to examine the situation in a given country over a period of three or four months. He did not think that the Secretary-General would be in a position to prepare as thorough a study as the sponsors of the draft resolution desired.

36. Turning to the text itself, he agreed that inflation in under-developed countries might have peculiarities of its own, as was stated in the fourth preambular paragraph, but since such peculiarities might well differ from one such country to another depending on the economic system or policy, a country-by-country study would be desirable. The following preambular paragraph was also vague: monopolistic and oligopolistic pressures could occur in industrialized countries just as much as in developing countries and did not necessarily produce an inflationary trend. It was likewise obvious that the process of urbanization, mentioned further on, led to an increase in incomes and that when it was decided to invest resources rather than devote them to consumption, pressure was created for the production of consumer goods.

37. For all those reasons, it would seem that the text should be re-examined so that the exact nature

of the study to be undertaken, and the body best qualified to carry it out, could be determined. The IMF seemed a natural choice; the Secretariat had also published studies on inflation in developing countries. Any practical study, however, should be directed also towards the study of inflationary pressures in industrialized countries, in view of the serious repercussions which, as the Hungarian representative had said, such a situation could have on the development of developing countries. He wondered whether the Secretary-General would be in a position to undertake such a study in all countries, or to determine, for example, whether or not inflation existed in the countries with centrally planned economies. The Second Committee could stress that a sound policy of economic financing was important for economic development; that was a point which had been mentioned in the Cairo Declaration of Developing Countries (A/5162). The Committee could also draw attention to the value of national savings; the United Arab Republic had been able to concentrate such savings in provident funds, savings banks and insurance companies, thus making it possible for the savings to play an important role in development. A comparative study might be made on the matter, showing how small savings could build up into large sums as had been the case in India; such a study could undoubtedly be undertaken by the Secretary-General and might serve as a useful guide. In conclusion, he suggested that the sponsors of the draft resolution should produce a revised text which would point out the dangers of inflation and the need to adopt a sound financing policy and would request the Secretary-General to undertake a study of the problems of small savings.

38. Mr. VIAUD (France) said that he was in general agreement with what the representative of the United Arab Republic had said. The problem raised by inflation was the need to reconcile two equally pressing requirements: monetary equilibrium and economic development. The problem concerned both developing countries and industrialized countries, and recent history had shown—for example, in France—that inflation was a permanent problem which required the constant attention of Governments. The matter was one which impinged on the monetary and financial policies of Governments and it seemed inappropriate to make a superficial pronouncement, at the end of a session, on such difficult problems. France, for its part, doubted whether the General Assembly could adopt a resolution that had not been the subject of detailed preparatory work or of a sufficiently technical discussion in the Committee itself. Furthermore, the problem of inflation was occupying the attention of many international bodies, both governmental and private; he would mention the work done in that field by IMF, ECLA and ECA, as well as the conference which was shortly to be held at Rio de Janeiro, in which the United Nations, the International Bank, the Inter-American Development Bank and several private agencies would participate. It seemed unlikely, therefore, at a time when so many organizations were studying the problem, that the Committee would be able to exhaust such a difficult subject in a few meetings.

39. As to the draft resolution itself, the preamble contained observations and assertions which it was impossible to endorse without careful examination of their exact meaning, taking into account the situation in the various countries. The operative part had the merit of proposing a far-reaching study, but it re-

mained to be determined whether the Secretary-General would be able to carry out such a study without precise directives formulated as the result of thorough discussion by a United Nations technical body. He was not sure that that would be the best course, and the solution he would favour would be not to vote on the matter but to refer it to the Economic and Social Council and the regional economic commissions for study, so that they could submit to a later session a detailed report on the problems of inflation in the various countries and regions, including both industrialized and developing countries. The French delegation, therefore, like that of the United Arab Republic, urged the sponsors of the draft resolution to withdraw their text and suggested that the Second Committee should decide to request the Economic and Social Council to undertake a special study of the subject in question, giving it priority if necessary, so that the General Assembly in its turn could consider it at a later session.

40. Mr. LUBBERS (Netherlands) said that the relation between inflation and economic development was one of continuing concern to many countries, including both industrialized and less developed countries, and that the theoretical and practical studies of the inflationary process would be enough to fill whole libraries. It was therefore imperative to be absolutely certain that a draft resolution on the matter should be submitted to the General Assembly. In requesting the Secretary-General to prepare a thorough, empirical and analytical study of inflationary processes in under-developed countries, the sponsors of the draft resolution seemed to have envisaged a study covering about 100 countries, since they were apparently of the opinion that inflationary pressures existed in all developing countries. If that were the case, the result would certainly be the "fantastic amount of duplication and repetition" against which the Brazilian delegation had warned the Committee in connexion with international trade problems.

41. Although the draft resolution was rather obscure, it could be assumed that the sponsors did not have such a vast undertaking in mind, but would wish the study to be limited to those less developed countries which were actually facing problems of inflation. Even in that case, the draft resolution raised certain questions: the disequilibria mentioned in the second preambular paragraph were well known in monetary theory and it was also well known that if they occurred simultaneously, the reason was that the Government of the country in question did not apply an effective anti-inflationary policy. It seemed unlikely that the sponsors had wished to level such a charge at all the Governments of developing countries in which an inflationary process was now at work. However, if they had wished to show that in such countries a certain amount of inflation was unavoidable if economic development was to succeed, and that an effective anti-inflationary policy was therefore not the sole responsibility of the Government in question, but also that of other Governments, national institutions in other countries, or international bodies, that would mean that in the country in question the insufficiency in the supply of goods and services must be overcome by short-term or long-term capital imports.

42. If that interpretation was correct, the problem as presented in the draft resolution could be reduced to the question of the insufficiency of resources

internationally available for economic development. That question had already been taken up in connexion with the establishment of a United Nations capital development fund, and his delegation would therefore conclude that the study proposed in the draft resolution would constitute a duplication, a repetition and an overlapping of existing United Nations activities. Naturally, a developing country was fully entitled to

have its inflation problems closely analysed by expert bodies; a draft resolution on the subject, however, did not seem necessary, although its sponsors were to be commended for having once again called the Committee's attention to the importance of rapid economic development.

The meeting rose at 1.10 p.m.