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SECOND COMMITTEE  
Agenda item 56

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

India: draft resolution\*

Effects of the world inflationary phenomenon  
on the development process

The General Assembly,

Recalling its resolutions 2626 (XXV) of 24 October 1970 containing the International Development Strategy for the Second United Nations Development Decade, 3201 (S-VI) and 3202 (S-VI) of 1 May 1974 containing the Declaration and the Programme of Action on the Establishment of a New International Economic Order, 3281 (XXIX) of 12 December 1974 containing the Charter of Economic Rights and Duties of States and 3362 (S-VII) of 16 September 1975 on development and international economic co-operation,

Recalling the decision to begin global negotiations on international economic co-operation for development to deal with raw materials, energy, trade, development and financial and monetary questions,

Recalling its resolution 32/175 of 19 December 1977, in which it requested the Secretary-General of the United Nations Conference on Trade and Development to establish a governmental group of high-level experts to prepare a study of the inflationary phenomenon and to transmit it, together with the comments of the Trade and Development Board, to the General Assembly, so that the Assembly might decide what action should be taken, including the possibility of holding a world conference on inflation,

Recalling its resolution 33/155 of 20 December 1978, in which, inter alia, it took note of the report of the Group of High-level Governmental Experts on the Effects of the World Inflationary Phenomenon on the Development Process, 1/

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\* The draft resolution is submitted by the delegation of India on behalf of the States Members of the United Nations which are members of the Group of 77.

1/ TD/B/704.

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Noting with regret that the United Nations Conference on Trade and Development at its fifth session did not take a firm decision on international policy measures to combat the world inflationary phenomenon or on the conclusions and recommendations contained in the report of the Group of Experts,

Recalling also decision 144 (XVI) of the Trade and Development Board entitled "Arrangements to keep under review interrelated problems in the field of international trade and related areas of international economic co-operation, in particular development finance and monetary issues", 2/ in which, inter alia, the Secretary-General of the United Nations Conference for Trade and Development was requested to keep such problems under continuous review,

Bearing in mind that deteriorating international conditions and the high rates of world inflation are hindering the growth of the economies of all countries and, particularly, of the developing countries,

Bearing also in mind that inflation internationally transmitted to the developing countries is acquiring increasingly alarming proportions,

Recognizing the fundamental interconnexion between inflationary pressures, protectionism, growth, balance of payments, disequilibrium and the uncontrolled creation of international monetary liquidity,

Taking note of the proposal made by the Government of Iraq concerning the establishment of an international fund to combat the adverse effects of imported inflation on the economies of the developing countries,

1. Recognizes that the present world inflationary process seriously affects the economies of the developing countries, because, inter alia:

(a) It has increased the cost of their essential imports, particularly capital goods and manufactures;

(b) It has led to instability in the export earnings of their essential commodities;

(c) It has caused considerable fluctuations in the exchange rates of the countries with greater trading activity, with resultant adverse effects on world trade and particularly on the exports of the developing countries;

(d) It has substantially increased the current account deficit and the debt burden of the developing countries;

(e) It has reduced the real value of the flow of official development assistance;

(f) It has adversely affected the net flow of real resources, thereby aggravating the trade and development problems of the developing countries;

(g) It has reduced the real value of the monetary reserves of the developing countries;

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2/ Official Records of the General Assembly, Thirty-first Session, Supplement No. 15 (A/31/15).

2. Affirms, therefore, the urgent need for the implementation of policies, particularly by industrialized countries, to control inflation by, inter alia, such measures as elimination of protectionism, fiscal and monetary policies, acceleration of the transfer of real resources to developing countries, structural adjustments and sustained real economic growth;

3. Requests the Trade and Development Board, when considering the item entitled "Interdependence of trade problems, financing of development and the international monetary system", which it maintains on its agenda by virtue of decision 144 (XVI), to discuss measures to combat the world inflationary phenomenon with a view to accelerating the real growth of the developing countries and increasing their import capacity in a context of just and stable financial markets;

4. Requests the Secretary-General of UNCTAD, with the assistance of experts, if necessary, as envisaged in decision 144 (XVI) of the Trade and Development Board, to prepare a report on this subject for consideration by the Trade and Development Board and subsequently by the General Assembly at its thirty-sixth session.

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