Table 2

	No Conflict			Conflict		
	Prices + Reserves −	Prices − Reserves +	Total	Prices + Reserves +	Prices − Reserves −	Total
Developed countries	33	69	102	61	41	102
Underdeveloped countries	86	90	176	62	67	129
Total	119	159	278	123	108	231

Legend:
58 countries for, in most cases, 9 years, 1953–62

Prices + = $\dot{P}/P > \overline{\dot{P}/P}$ Prices − = $\dot{P}/P < \overline{\dot{P}/P}$
Reserves + = $\Delta R > 0$ Reserves − = $\Delta R < 0$

monetary and fiscal policies. It contrasts in this respect with the "conflict" case reflecting imported inflation or deflation. The evidence of the present very simple test does not make it possible to generalize on the relative importance of the two cases, except perhaps that conflict seems to be more frequent for developed countries within this sample and period. The data are quite unambiguous, however, in demonstrating that conflict cases are in no way exceptional for the countries and the period of the sample.

It can be shown, moreover, that the frequency of policy conflict is likely to mount the closer countries come to success in their attempts at maintaining overall equilibrium. The simultaneous attainment of full employment and payments balance is likely to be a relatively infrequent event. But if either is achieved, anything then done to reach the second will tend to undo the first. Since the interest target is preferable in conflict situations, evolution toward greater world stability, as well, of course, as toward greater international mobility of capital, will strengthen the case for the interest strategy.

APPENDIX

Sources of Data

International Financial Statistics, International Monetary Fund; *Yearbook of National Income Statistics*, United Nations; various country sources.