imply an increase of 2½ times over the next two decades. Exports of these less-developed countries (excluding petroleum exporters) have increased only 23 percent during the past 30 years.

Western Europe, the United States, and Japan are the largest consumers, taking about $12 billion in traditional primary commodities from the less developed countries. Even on the basis of optimistic assumptions with respect to the markets in the industrial countries, it is improbable that exports of primary commodities could increase by more than 70 percent over the next 20 years. The rationale for this estimate is the rate of growth of the industrial countries and a favorable estimate of the ratio of imports of primary commodities to domestic product. Exports of primary products into the industrial countries will probably not exceed $20 billion per year in 1980.

Exports to the Soviet area are unpredictable. At the present time trade of the Soviet Union and Eastern Europe with less developed countries is somewhat in excess of $800 million each way. An optimistic estimate of 1980 exports of less developed countries to the Soviet area would be about $3 billion per year, assuming the Soviet area diminishes the degree of autarky and increases imports of food and beverage crops. There is no reason to believe that the Soviet Union will change its policy of autarky, however. Imports are used to supplement domestic resources but only when necessary and not on the basis of relative costs.[7]

Exports to other less developed countries represent less than one-fourth of total exports of those countries, less than $5 billion at present. Although trade among less developed countries has been increasing somewhat more rapidly than exports generally, an estimate of $10 to $12 billion per year for 1980 would be a highly optimistic one. This implies that such trade would increase almost twice as fast as commodity exports to the industrial countries.

The final accounting then, excluding trade in manufactures, would leave approximately $15 billion to be financed, nearly one-fourth of the entire import bill. The share of manufactures in total exports of less developed countries is now about 8 percent (not counting base metals). If manufactures are to make up the gap envisaged above, the proportion of manufactures to total exports in 1980 would have to be of the order of 30 to 35 percent. This would be difficult but not impossible. Other areas have done something like it. For example, machinery exports of seven industrial countries were 4 percent of exports in 1861–63, but jumped to 26 percent in 1911–13. For the U.S. machinery went from 6 to 36 percent and other manufactures from 10 to 26 percent during this period. Canada tripled the proportion of machinery and other manufacturing exports during the same period.[8]

The structure of trade of less developed countries in 1980, assuming the growth target is met, would be characterized by primary commodity exports of 65 to 70 percent and manufactures 30 to 35 percent. Exports to the Soviet area and other less developed countries would be expanding more rapidly than their trade generally. A net capital inflow of more than 15 percent of total imports would close the gap.

[7] For a detailed discussion of Soviet foreign trade policy, see the author's "Soviet Economic Warfare," Public Affairs Press, Washington, 1960.

[8] "Economic Survey of Europe in 1960," op. cit., table 3, ch. 5, p. V–5.