often their own customers in world trade; (4) the marked and continuing decline in transportation costs in this century.

TABLE 2.—GROWTH AND SHARES OF EXPORTS, 1950-65

	Average export growth rates (percent per year)		Shares of total exports [a] (percent)		
	1950-60	1960-65	1950	1960	1965
Industrial countries	8.6	8.4	66	76	78
Underdeveloped countries	3.6	5.8	34	24	22

[a] Excludes trade between Communist countries; includes free world exports to Communist countries.

Source: UNCTAD, Handbook of International Trade Statistics, Doc. E/Conf. 46/12/add. 1, Feb. 28, 1964; United Nations, Monthly Bulletin of Statistics, May 1966.

Growth of the underdeveloped countries has taken place under a variety of trade conditions. They have benefited, either as exporters or importers, from the factors listed above, but the results for trade have been generally modest. The situation varies greatly among countries. The basic points accounting for the difference seem to be: (1) the buoyancy of world demand for manufactures has allowed all Northern countries to share, albeit unevenly, in the rapid growth of trade; (2) often lacking that opportunity, some Southern countries, usually the larger ones, were able to expand rapidly by maintaining the traditional but slow-growing exports, substituting domestic industrial production for imports, and using the foreign exchange savings for importing capital goods; while others grew either by outpacing the average LDC export performance or else failed to grow. The data of table 2 offer some evidence of changes in this pattern since 1960. Southern exports have increased faster than in the preceding decade, and their exports of manufactured products have continued to rise at a faster rate than all exports combined. It is still too early to say whether this trend marks a shift in the forces that propel Southern economic growth, or portends a rise in aggregate growth rates. It could be largely the reflection of short-run fluctuations in commodity price levels.

The UNCTAD resolutions and the report of its Secretary-General stressed inadequate command over imports as the major factor in slow growth. While there is evidence to support this claim, an examination of all the facts supports a somewhat more complex interpretation.

First, sustained economic growth is almost always associated with at least some growth of imports, often financed in part by foreign capital. There have been a few exceptions in modern times, necessarily associated with major efforts at import substitution. But to cite the exceptions, such as Brazil, the Soviet Union, and possibly Australia in recent years, only stresses the special conditions required—a large domestic market and a varied natural resource base.

Second, the smaller the country, the greater the need for trade growth as a condition of income growth. Small countries (less than 10 million population) that grow fast always have a rapid growth of imports.

In most cases, import growth is somewhat faster than income growth for small countries. The principal exceptions are Venezuela,