

with other nations to strengthen this international instrument of peace and progress.

I propose that the Congress authorize a United States contribution of up to \$200 million to new Special Funds of the Asian Development Bank.

This authorization will not involve any budget expenditures in Fiscal 1968, Our contribution would be made over four years, and would constitute a minority share of total contributions to the Special Funds.

This must not and will not be an American effort alone. The development of the most populous region of the earth affects every nation. It must be supported by all who are able to help.

Several leaders of the Congress and the Nation have urged that we transform the bulk of our foreign assistance from bilateral aid programs to multilateral, cooperative efforts where all the wealthy nations of the world join to help the developing nations through the World Bank, regional development associations, and other multilateral arrangements.

We look to the day when our foreign assistance can be handled under those arrangements.

The proposal I make today is a step in this direction. It is an example of multilateral assistance that we fervently hope will be followed increasingly in the years ahead in Asia and throughout the developing world.

THE PEACEFUL REVOLUTION IN ASIA

Free Asia has done more in the last two years to create a true community of interest among its peoples than in all the long centuries that went before. Here is part of that extraordinary record:

- Asian initiative founded the Asian Development Bank with assets of \$1 billion, to finance development projects throughout the great arc from Afghanistan to Korea.
- Nine nations joined to form the Asian and Pacific Council, the first regular forum for discussion of the full range of Asian problems.
- The nations of Southeast Asia and Indonesia formed a subregional association to foster better understanding and economic cooperation.
- The Mekong Coordinating Committee and other existing agencies moved with new energy and urgency, producing such important projects as the Nam Ngum Dam in Laos.

Asians are gaining new insights into the needs of their region:

- The Asian Development Bank is sponsoring a comprehensive study of Asian agriculture which will identify the specific projects necessary to meet the food crisis of the next decade.
- The Southeast Asian Ministers of Education are planning regional centers of academic excellence, to open the way toward improved education, more broadly shared among their peoples.
- Led by Malaysia, representatives of eight Asian nations met last week to plan the transportation and communications networks Asia needs to achieve trade, travel and economic integration.

These are the beginnings of a peaceful revolution in Asia—a constructive revolution which serves not just the interests of the United States, but of all humanity.

It is a revolution which seeks to build, not to destroy; to succor, not to subvert.

But planning is only the first stage. Blueprints must become bricks and mortar.

Most of the money Asia needs must come from the Asians themselves. Some will come from the World Bank, from national aid programs, and from private sources. Some will come from the ordinary capital of the Asian Bank. But there remains a gap, particularly for projects in the most critical areas—agriculture, education, transportation and development of the Mekong River Basin.

It is that gap that I propose we help close.

THE PROPOSAL

Experience in the World Bank and with regional development banks suggests that development finance requires two different and separate funds:

- Ordinary capital*, largely to finance the foreign exchange costs of projects which have a relatively rapid and direct return on investment, and
- Special Funds*, for longer-term loans at lower interest rates, to finance the foreign exchange costs of projects such as schools and roads which do not yield immediate financial returns, but which add powerfully to economic growth.