of-payments position, U.S. contributions would finance only the export of U.S. goods and services needed for projects and programs financed by special funds. No cash disbursements would occur during fiscal year 1968.

The National Advisory Council has carefully considered the present proposal from the standpoint of U.S. financial and economic objectives and the economic development objectives of the countries involved and from the standpoint of the benefits deriving from intensified regional cooperation among the countries of Asia. In the Council's view, a U.S. investment in special funds under the administration of the Asian Development Bank, like our subscription to the capital of the Bank itself, will serve U.S. interests by promoting peaceful economic relations in Asia.

Special funds will, moreover, take advantage of the demonstrated willingness of other developed countries, Asian and non-Asian alike, to increase their degree of support for development of the Asian region through the multilateral channel of the Asian Development Bank. Thus our interest in a more equitable sharing of the cost of development assistance will be helped by the establishment of such funds. Without an affimative U.S. response to the initiatives now being mounted by the countries in the region, the forward direction of these initiatives will falter. We strongly recommend, therefore, passage of legislation to give the President authority to support this most promising of avenues toward lasting peace in Asia.

## II. Background

### A. Asian Development Bank

The Asian Development Bank came into formal existence in August 1966 upon the ratification of its Articles of Agreement by the United States and 14 other countries. The Bank, which has its headquarters in Manila, now has a membership of 31 countries, 19 of them Asian and 12, including the United States, from outside the Asian region. Membership of a 32d country, Switzerland, is in process. The Bank's authorized capital is $1,100 million, of which $965 million has been subscribed by the present membership.

The creation of the Bank is the result of Asian initiatives which gathered momentum in late 1963 and 1964 under the auspices of the United Nations Economic Commission for Asia and the Far East (ECAFE). Intensive preparatory work on the Bank was undertaken in 1965 by a committee of nine Asian nations. Mr. Eugene Black—the President's Adviser on Asian Economic and Social Development and former president of the World Bank—worked closely with the Asian group during this period. The decisive event insuring that the Asian effort would have major support from outside the Asian region was President Johnson's announcement in April 1965 that the United States would be prepared to become a member of a properly conceived Asian Bank. By the fall of 1965, Articles of Agreement for the Bank had been negotiated among the Asian and interested non-Asian countries and in December 1965, an Agreement embodying the proposed Articles was signed at Manila, subject to ratification by Governments. Mr. Eugene Black and Under Secretary of the Treasury Joseph W. Barr signed the Agreement on behalf of the United States.