

of the general provisions which the Congress has deemed it advisable to apply to U.S. bilateral programs.

For example, should the "Hickenlooper Amendment" be invoked so as to require a suspension of U.S. assistance to any Bank member because of expropriations of private U.S. property without adequate compensation, the Council would seek to have a parallel attitude adopted in the Bank with regard to special funds dollar financing to that country. In this connection, last August the Council approved a formal action reaffirming the policy of the United States to instruct its representatives in international financial institutions to oppose assistance by any such international financial institution to any country during a period when that country is ineligible for bilateral assistance because of its expropriation, without adequate compensation, of American-owned private property.

IV. LEGISLATIVE ACTION REQUIRED

During the hearings on the Asian Development Bank Act in early 1966, Administration spokesmen pledged that U.S. contributions to Asian Bank special funds would not be made except pursuant to further legislative authority from the Congress. Such authority is now being sought.

In order for the United States to be in a position to make commitments to other governments for participation in special funds, authorizing legislation is necessary at this session of the Congress. Such legislation is desirable at this time because the Asian Bank is a significant vehicle for increased involvement by other developed countries in Asian economic development. The Asian developed countries—Japan, Australia, and New Zealand—provide a much higher share of assistance through the Asian Bank than they normally provide through other channels. The European response to membership in the Asian Bank was widespread and substantial. Special funds under the Asian Development Bank's administration would take advantage of this willingness on the part of both Asian and non-Asian developed countries to enlarge their financial support of Asian development. In particular, small developed countries are likely to find the special funds channel a desirable one which is more economical and effective than establishing bilateral country programs. Encouragement of a greater degree of involvement of other donor countries in Asian development was an important consideration in the original U.S. support for the establishment of the Asian Bank. It remains a compelling argument in favor of making maximum use of special funds to achieve the same end.

A draft of legislation providing for U.S. contributions of up to \$200 million is being submitted. This draft is broad and flexible in form, in order to deal with circumstances that are still evolving with respect to special funds. The draft legislation would authorize appropriation of the \$200 million without fiscal year limitation. It would also provide that funds would remain available until expended, as is normal in our financial participation in international institutions where the