

A.I.D. ASSISTANCE TO DEVELOPING MEMBER COUNTRIES OF THE ASIAN DEVELOPMENT BANK

A.I.D.'s programs are designed to help less developed countries move toward self-sustaining growth and combat economic and political instability.

Development is a long-term proposition requiring a considerable flow of resources to the developing countries. While the Asian Development Bank will contribute to the development of Asia, it does not have, and will not have at least for some time to come, enough resources to do the whole job. Development capital and technical assistance from a number of sources, including the ADB and A.I.D., will therefore continue to be necessary for progress in Asia.

Furthermore, the United States, through A.I.D., is providing Supporting Assistance to Vietnam, Thailand, Laos and Korea. This assistance, which is not loaned, but granted, is closely tied to U.S. security interests in that part of the world and is not the kind of aid—in its terms, amount or purpose—which the ADB was set up to provide. As long as it is needed, it will have to be provided by the United States.

This does not mean that A.I.D. plans to provide assistance indefinitely to all the countries which might receive loans from the ADB. In six of these countries, over a third of the total, A.I.D. has no program. One of the six is the Republic of China (Taiwan), a notable development success story, where A.I.D. phased out its program in 1965.

In Korea, the A.I.D. program has been considerably reduced over the last few years and we and the Koreans expect to continue this trend. A.I.D. has no plans for terminating assistance in the other nine countries (Afghanistan, India, Indonesia, Laos, Nepal, Pakistan, Philippines, Thailand and Vietnam) while development or security needs remain as great as they are now. To the extent Special Funds are available to the Asian Development Bank and are committed to projects in a country where A.I.D. has a program, A.I.D. will, of course, take this into account when determining its own program in that country.

Mr. REUSS. Obviously what I am interested in is this: We seem now to have an instrument for sensible multilateral aid, and while the Congress has diminished the bilateral aid program. I see no reason why we should continue to leave large missions in the countries.

As noted before AID and ADB seemed to have developed a mechanism for ADB's administering portions of AID money.

Why not more? What is the hangup? Why do we maintain all of these rather expensive AID missions?

Mr. BLACK, I believe both France and the Soviet Union participated in the early discussions emanating from the United Nations Economic Commission for Asia and the Far East, but when the roll was called at Manila for membership neither of them joined; is that correct?

Mr. BLACK. That is correct. They were both invited to join and they both declined to join.

The U.S. Government made it clear that they had no objection if Russia joined the Bank, but Russia decided not to join the Bank, nor did France.

Mr. REUSS. Speaking purely for myself, I wish they both had. They both are needed, not only for their financial resources, but also for their intellectual contributions.

Now, in this legislation we have what I think is a very desirable second round to set up concessional special funds.

Have France and the Soviet Union been invited to pony up for those special funds?

Mr. BLACK. You mean this particular——

Mr. REUSS. This \$200 million special fund we are talking about.

Mr. BLACK. I think they will be invited. Whether they will participate or not, I don't know.

I think that it is quite possible that over the next few years France will contribute money to some special projects in this area.