

\$300 million a year for the next 3 years as a contribution to the special funds of the Latin American Bank.

Now, that \$300 million a year could be used for local currency purposes. In that respect it is different from what I am talking about.

Mr. STANTON. That is the case over the objection of many of us who were here on that particular bill.

Mr. BLACK. I am not making any comment. I am saying there is a difference.

Now, the second point is that you said that the countries contributed their share. If you analyze what they contributed, it was local currency. They contributed local currency as their share of this fund, while the United States contributed \$900 million.

But whatever the amount was—I do not know what it was—whatever it was, it was in local currency and we are talking about convertible hard money in this case. And the countries that put money up, put up convertible money.

Now, when you talk about the members of the Bank, whether they want this or not, some of the gentlemen here went to the inaugural meeting of the Asian Development Bank and they will recall that practically everybody—this includes the representatives of the Asian countries—got up and made a very strong plea for special funds.

Now, the last part of your question as to whether or not the Bank could change their charter and allow for a certain percentage of their money to be used for soft-loan purposes, I want to describe what the funds of the Bank are.

The Bank started out with a billion dollars of authorized capital. Now you have got to break that down. What does this mean in money? It means that you only have to pay up half of that so you don't have a billion dollars. You are going to have \$500 million of loanable funds and you have to break that down. When you break it down it means—taking the U.S. subscription, which is \$200 million—we have to put up \$100 million and we have 5 years to put that up.

So all the United States put in this Bank so far is the first two payments of \$20 million each, \$40 million in all, and that applies to all the other countries. So the Asian Bank has started in business instead of having \$1 billion available to lend, they have got about \$80 million a year of convertible currency for the next 5 years. So you can break that \$500 million down into hard- and soft-loan money, and you are not doing much each year to meet the real need of the countries of this area.

So instead of \$1 billion you have \$80 million of convertible currency a year for 5 years. Our share of that is \$20 million. So all this Bank is costing the United States has been \$40 million so far.

Mr. STANTON. A direct answer to my question, Does the Bank have the authority?

Mr. ZAGORIN. The Bank has the authority in article 19 of the charter, by a special vote of two-thirds of the Governors representing three-quarters of the total voting power of the members, to use not more than 10 percent of the paid-in portion of the Bank's resources for special funds. Perhaps this is what you may be referring to.

So if you take, as Mr. Black said, about \$80 million in convertible currency contributed each year, the total amount of convertible currency which could be used for setting aside ordinary capital for special funds would be limited to 10 percent of this \$80 million a year.