

that the Administration is now recommending that the United States contribute to these Funds so that the Bank can do more to promote basic agricultural development, better roads and clean water supplies throughout the region, H.R. 13217.

However our enthusiasm is severely tempered by the narrow view of the Bank's potential, as reflected in the Administration's testimony. The Bank was set up to foster regional cooperation and to contribute "to the harmonious economic growth of the region as a whole." Yet the Administration's presentation shows a tendency to regard "region" as a political, rather than a geographical entity, and to think of the Bank as a *weapon in the cold war*. Although Mr. Black calls the Mekong development "one of the great and exciting opportunities and challenges of our time," we are all aware that construction of a \$33 million dam in the Cambodian section has been delayed because of U.S. refusal to aid any country that furnishes economic assistance to North Vietnam. Many Asians would be uncomfortable with the linking, by Mr. Black of regional development with U.S. efforts to make "Communist aggression unprofitable in Vietnam."

We of the Friends Committee firmly believe that peace can only come when the Nations of the world decide to try to bridge their differences, instead of emphasizing them. We urge this Committee to go on record as favoring an end to the ideological orientation of U.S. foreign aid programs. We urge you to support membership in the Bank for the three Asian countries that are presently ineligible because they do not belong to any specialized agency of the United Nations. These three countries are the People's Republic of China, North Vietnam and North Korea. The fact that these Communist areas would not accept membership while the War continues, only indicates the urgency of ending the War and starting the reconciliation process.

The FCNL is equally unhappy over Mr. Black's assertion that U.S. contributions to the Special Funds will be tied to *U.S. procurement* because of balance of payments difficulties. The balance of payments is not in such desperate straits that we need to tie \$200 million of procurement, especially since that procurement will be spread over four years. Furthermore it is past time for Americans to reexamine a foreign policy that rationalizes sending billions of dollars overseas to pay military bills, while simultaneously penalizing international development programs by demanding that aid funds be spent at home. Tying U.S. loans sets a bad example for others donors. It complicates the functioning of international agencies. It increases development costs and forestalls development of industrial production in the poor nations. Because of these factors, we urge this Subcommittee to express its disapproval of the "tied loan" concept.

We would also hope that your committee would analyze the adequacy of the U.S. contribution to the Asian Development Bank. According to recent estimates, the Vietnam War may cost Americans more than \$32 billions in fiscal 1969 alone. Americans would undoubtedly prefer to spend their money on reducing national tensions and promoting cooperation in Asia, regardless of whether that effort is matched by contributions from other nations.

We would appreciate your including this letter in the printed record of the hearings.

Sincerely yours,

FRANCES E. NEELY.

THE COOPERATIVE LEAGUE OF THE USA,
Washington, D.C., February 29, 1968.

Hon. HENRY S. REUSS,
Chairman, Subcommittee on International Finance, House Committee on Banking and Currency, Washington, D.C.

DEAR CHAIRMAN REUSS: The Cooperative League of the USA has been following with interest and appreciation the opportunity your Subcommittee is giving to those who wish to present the case for an authorization of \$200 million in special funds to be administered by the Asian Development Bank. We understand that this relatively modest financial support will become available over a four year period as our share of this special fund to be used by the Bank in its regional program for the particular support in the fields of agriculture, communication and transport, and for development in the Mekong River basin.

Consistently over the years the biennial Congresses of the Cooperative League have supported in formal resolutions, and through their approval of the League's own participation in our foreign aid program, the objectives of this legislation. The multi-lateral approach of the new Bank is especially appealing, and the new legislation being proposed calls for increased multilateral financing as well.