

I would prefer to reserve those alternatives until we have gathered the necessary experience to make proper and efficient use of them.

Private investment from international sources also causes some concern from the standpoint of the recipient, particularly when the country sees it as a challenge to budding nationalism. But, here again, either the sanction or the outright participation of the ADB can serve to pour oil on any troubled waters, in the sense that an organization such as ours is designed to be aloof from national interests.

Thus far, I have highlighted the role of the Asian Development Bank as a catalyst for the mobilization of a larger supply of capital for investment in the welfare of this region. In order to achieve the higher standard of living envisioned by us all, gross national product must be made to increase at a faster rate than population growth. In the face of Asia's mushrooming masses, a monumental effort is required merely to maintain the all-too-meager status quo. To remedy this situation, the GNP of the region must increase by at least four to five per cent per annum. In order to realize this goal, new investment must occur at a rate three times that of national income growth. It is no easy task for many developing countries to attract new investment at the rate of 12 to 15 per cent of its national income. Therefore, it becomes more apparent than ever that the success of the ADB depends, not so much upon the amount of money that it can inject directly into an economy, but rather, upon the funds which it can induce to flow into the region by virtue of its function as a catalyst.

It is, nonetheless, important for the ADB to consider increasing its own resources as well, and I will strive diligently and without pause to do this. Fundamental to the constant search for new funds is the posture of the Bank as a sound financial institution, for, if we exhaust our reputation through careless management, we can rest-assured that the financial well will soon run dry. In order to ensure the perpetual flow of funds, we must step cautiously and advisedly, even at the risk of appearing overly conservative, lest our life be snuffed out as quickly as it began.

There are three basic ways that the Bank can replenish or supplement its resources; the first is through bond issues, the second, Special Funds, and the third, the direct increase of capital subscriptions. While only one half of the subscribed capital is actually to be paid-in, the other half, which is designated as callable shares, is not without utility. It represents a pledge by the member countries to come to the aid of the ADB, if it should fail to meet its own obligations. In that manner, any borrowing by the Bank is guaranteed