

by each member country to the extent of that member's share of callable capital.

It is against this security, that, at the proper time, the ADB expects to issue its bonds. I cannot, at this moment, forecast when the placement of these bonds in the market will occur. Although some improvement is recognizable of late, the world money market conditions are still exceedingly tight. Under these circumstances, I believe the wisest course is for the Bank to concern itself with forging a high credit standing, to pave the way for future offerings on favorable terms.

A more immediate source of additional capital for the Bank is Special Funds. As I have said, we must test our mettle in the arena of conventional lending, before we shoulder additional responsibility. However, we will eventually be called upon to enter the so-called "soft loan" field, because it is an integral segment of the total development picture. In this connection, it is extremely encouraging to note two recent developments which could affect the ADB: The first is the joint communiqué of the Conference on Agricultural Development in Southeast Asia, which met in Tokyo on December 6, which suggests that the Asian Development Bank assume the leadership in administering an Agricultural Development Fund. The second is the reference to the ADB made by President Johnson, of the United States, in his State of the Union Message, delivered on January 10. He said, and I quote:

"The doors of the billion dollar Asian Development Bank that I recommended to the Congress, and which you endorsed almost unanimously, I am proud to tell you, are open. Asians are engaged tonight in regional efforts in a dozen new directions. Their hopes are high. Their faith is strong. Their confidence is deep."

He went on to state,

"If other nations will join us, I will seek a special authorization from the Congress of 200 million dollars for East Asian regional programs."

If, after tapping all other sources, the Bank still requires additional funds, it will be possible to seek an increase in the capital subscription. However, I feel a discussion of this alternative would be premature at this time, especially in light of the options I have mentioned previously. I would like instead to re-emphasize the considerable import of the prudent and discreet behavior of the Bank, for this is the surest path to a fruitful and long-lasting life.

*(Speech at the Makati Rotary Club on January 24, 1967.)*