

of two per cent per year, and whose food supply must be supplemented through the expenditure of dangerously-depleted regional foreign exchange reserves — reserves urgently needed for the importation of manufactured consumer goods, as well as raw materials, capital goods, and spare parts for industry.

Neither is the picture brightened by the existing flow of foreign capital to Asia. While the combined GNP of the developed nations is increasing, the proportion of their prosperity which is channelled into the development efforts of this region is actually diminishing on a percentage basis. Not only has the total of gross foreign aid disbursements from the DAC countries remained static, but the burden of debt servicing has continued to increase, seriously reducing the net flow of funds, while the number of outright grants and of loans repayable in local currency has been declining.

I have highlighted the foregoing figures not because I would have you capitulate to the seemingly insurmountable obstacles which lay in the path of economic development. Rather, I have mentioned them to underline the imperative of devoting the sum total of your energy and wisdom to the responsibility which has been placed upon your relatively young shoulders.

As a matter of fact, the "balance of hope" is considerably less tenuous than I have suggested above. "Development diplomacy" has already made measurable strides toward its goal of achieving a higher standard of living for this region. If you will permit me a bit of prejudice, I would venture to say that one of the most notable accomplishments of "development diplomacy" has been the establishment of the Asian Development Bank, not only from the viewpoint of what it can itself hope to contribute, but also the spirit in which it was founded, and its implications for the future of Asia's economic advancement.

The ADB is Asia's own institution, an institution devoted solely to the development of this region and, yet, bringing the technical and financial resources of no less than twelve non-regional, developed nations to bear on its problems. It is a significant departure from traditional Western diplomacy that these twelve countries were willing to subordinate their own voices to those of their nineteen Asian partners — attested to by the fact that at least 60 per cent of the Bank's capital must be contributed by the Asian members, seven of its ten Directors are from within the region, and the President must be an Asian.

A major hindrance to effective development efforts in the past has been the debtor-creditor stigma often accompanying the