



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

September 25, 1978

Dear Mr. Tsongas:

In February the House voted by a 267-125 majority in favor of H.R. 9214, a bill to authorize U.S. participation in the Supplementary Financing Facility ("Witteveen Facility") of the International Monetary Fund. Your vote for this legislation was important to its successful passage. I hope you will continue your support for this legislation by voting in favor of the Conference Report on H.R. 9214, which I understand the House will soon consider.

It is critically important that this temporary Facility be put into place as soon as possible. It is not development aid. It represents a major international cooperative effort to strengthen the international monetary system at a time of serious strain. It will enable the IMF to meet particularly severe balance of payments financing needs and encourage economic stabilization and adjustment through responsible means, helping to assure a vigorous and open world economy. This is essential to our own efforts to restore the U.S. balance of payments and assure a strong dollar.

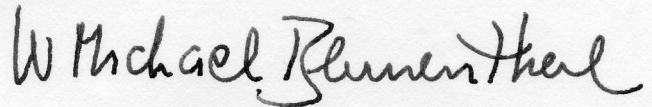
The Facility is also a very good financial deal for the United States. Our share in the financing, 17 percent, is relatively small and entirely justified by our stake in a strong world monetary system. We will be repaid in the relatively short-term, not later than 12 years after the Facility is activated. There will be no net interest cost to the Treasury on the financing we provide. And in exchange for each dollar we transfer to the Facility, the U.S. will receive a liquid reserve claim on the IMF which we can use in case of balance of payments need.

The Senate passed authorizing legislation for this Facility on July 31 by a 69-16 margin. The Senate/House Conference met recently to resolve differences between the two versions of the bill. I believe their report represents a compromise that should be acceptable to all. In this connection, I would draw your attention in particular to the provision in the bill reported by

the conferees that reflects the concerns about basic human needs which some members have expressed in connection with financing provided under this Facility. I strongly urge you to support the Conference Report so that final action on this important legislation can be completed promptly.

For your convenience, I am enclosing updated background material on the Facility. If I can be of any assistance on this matter, please do not hesitate to call me.

Sincerely,

A handwritten signature in cursive script that reads "W Michael Blumenthal". The signature is written in dark ink and is positioned to the right of the typed name.

W. Michael Blumenthal

The Honorable  
Paul E. Tsongas  
House of Representatives  
Washington, D.C. 20515

Enclosure