

NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

MAYFLOWER HOTEL

WASHINGTON, D.C.

FRIDAY, FEBRUARY 2, 1968

REMARKS OF CONGRESSMAN BOB DOLE

IN THESE FINAL MINUTES OF YOUR 14TH ANNUAL MEMBERSHIP MEETING, IT WOULD BE WELL, I THINK, TO REVIEW SOME OF YOUR SUCCESSES, SOME OF YOUR OBLIGATIONS, AND SOME OF THE CHALLENGES YOUR ASSOCIATION WILL FACE IN THE FUTURE.

AS THE REPRESENTATIVE OF THE FIRST CONGRESSIONAL DISTRICT OF KANSAS, A LARGELY RURAL DISTRICT THAT COVERS MORE THAN HALF OF THE STATE, I AM FAMILIAR WITH THE WORK OF RURAL TELEPHONE SYSTEMS, AND IN PARTICULAR, RURAL TELEPHONE COMPANIES WHICH BORROW THEIR CAPITAL FUNDS FROM THE RURAL ELECTRIFICATION ADMINISTRATION TELEPHONE LOAN PROGRAM.

THE BENEFITS OF THE REA TELEPHONE PROGRAM ARE WELL DOCUMENTED IN MY STATE. WHEN THE PROGRAM WAS AUTHORIZED BY CONGRESS IN 1949, 68.3 PERCENT OF THE FARMS IN KANSAS HAD TELEPHONE SERVICE -- MUCH OF IT OBSOLETE. TODAY, HOWEVER, 88 PERCENT OF OUR MORE THAN 97,000 FARMS, AS WELL AS MANY RURAL HOMES AND BUSINESSES, HAVE TELEPHONES, THE GREATEST PROPORTION OF WHICH IS MODERN DIAL SERVICE.

SINCE APRIL 1951, WHEN THE W.E.G. DIAL TELEPHONE COMPANY HAD APPROVED THE FIRST REA TELEPHONE LOAN IN KANSAS, REA HAS APPROVED MORE THAN 65 MILLION DOLLARS IN LOANS TO 40 KANSAS BORROWERS, 29 COMMERCIAL AND 11 COOPERATIVE COMPANIES. THESE LOANS HAVE MEANT TELEPHONE SERVICE FOR THE FIRST TIME FOR 27,000 KANSANS, AS WELL AS IMPROVED SERVICE FOR AN ADDITIONAL 80,000.

- 2 -

- GOOD CREDIT RECORD -

I AM ESPECIALLY PROUD OF THE REPAYMENT RECORD OF THE KANSAS TELEPHONE BORROWERS. THEY HAVE MADE TOTAL PAYMENTS OF MORE THAN 13.9 MILLION DOLLARS -- 6.8 MILLION DOLLARS REPAYED ON PRINCIPLE AS IT BECAME DUE, 6.6 MILLION DOLLARS IN INTEREST, AND ALMOST ONE-HALF MILLION DOLLARS AHEAD OF SCHEDULE. AND IT IS NOTEWORTHY THAT ALTHOUGH THE COOPERATIVE TELEPHONE BORROWERS OF KANSAS HAVE RECEIVED 50% OF THE DOLLARS ADVANCED BY REA, THEY ACCOUNT FOR MORE THAN 62% OF THE ADVANCE PAYMENTS, A RECORD TO WHICH THE MANAGEMENT OF THE KANSAS TELEPHONE COOPERATIVES CAN POINT WITH PRIDE.

THE GOOD CREDIT RECORD OF OUR KANSAS COOPERATIVES, AS WELL AS ALL THE TELEPHONE COOPERATIVES BORROWING FROM REA, IS AN IMPORTANT MEASURE OF RESPONSIBLE CITIZENSHIP. IN THESE YEARS OF GIVEAWAY PROGRAMS AND "SOMETHING FOR NOTHING" ATTITUDES, IT IS REFRESHING TO FIND ORGANIZATIONS AND PEOPLE, LIKE YOURSELVES, WHO TAKE THEIR OBLIGATIONS SERIOUSLY AND PAY THEIR WAY.

- CO-OP'S AND THE COMMUNITY -

STILL ANOTHER AREA IN WHICH RURAL TELEPHONE COOPERATIVES ACROSS THE NATION CAN DEMONSTRATE RESPONSIBLE CITIZENSHIP IS IN COMMUNITY DEVELOPMENT. WE EXPECT ANY AND EVERY ENTERPRISE TO SHOW INTEREST AND SUPPORT FOR COMMUNITY AFFAIRS, FOR ECONOMIC GROWTH, AND FOR THE WELL-BEING OF CITIZENS. BUT SOME BUSINESS CONCERNS ARE BETTER PLACED AND BLESSED WITH MORE RESOURCES THAN OTHERS.

AS YOUR PRESIDENT, MR. CHRISTENSON, SUGGESTED ON WEDNESDAY, TELEPHONE COOPERATIVES ARE UNIQUE IN THIS RESPECT. THEY HAVE A MEMBERSHIP STRUCTURE WHICH TIES TOGETHER PRACTICALLY EVERY RURAL FAMILY AND BUSINESS ESTABLISHMENT IN AN AREA COVERING ONE OR MORE COUNTIES TO A CENTRAL HEADQUARTERS. YOUR COOPERATIVES CAN OFFER MEETING ROOMS AND FACILITIES, A BOARD OF DIRECTORS REPRESENTING A BROAD SPECTRUM OF COMMUNITY OPINION AND SOME OF THE FINEST

- 3 -

LOCAL LEADERSHIP, A MANAGER AND STAFF WHO HAVE ACQUIRED SPECIAL SKILLS AND TALENTS. THE COOPERATIVE HAS A NEWSLETTER WITH BUILT-IN READERSHIP...AND ONE OF THE BEST COMMUNICATIONS NETWORK IN THE COUNTY. IN ITS OFFICE FILES THERE IS MORE INFORMATION ABOUT THE GEOGRAPHY AND THE ECONOMY OF THE AREA THAN IS AVAILABLE IN ANY SINGLE PLACE OUTSIDE THE STATE CAPITAL.

THE AVAILABILITY OF SUCH RESOURCES MAKES THE TELEPHONE COOPERATIVE AN IMPORTANT ELEMENT IN COMMUNITY PLANNING AND IN LOCAL ACTIVITIES. RURAL TELEPHONE COOPERATIVES, BY THE VERY NATURE OF THE SERVICE THEY PROVIDE, MUST PLAY A LEADING ROLE IN CIVIC AFFAIRS.

YOUR RESPONSIBILITIES ARE CLEARLY TWOFOLD: ONE, TO DEVELOP THE ECONOMIC AND SOCIAL POTENTIAL OF YOUR COMMUNITIES AND, TWO, TO ATTAIN THE OBJECTIVES SET DOWN IN THE REA TELEPHONE AMENDMENT. THE RECORD SHOWS THAT WHILE YOU ARE MEETING THESE COMMITMENTS, GREAT CHALLENGES LIE AHEAD, ESPECIALLY IN PROVIDING MODERN COMMUNICATIONS SERVICE TO RURAL AREAS.

- THE CHALLENGES AHEAD -

DESPITE YOUR REMARKABLE RECORD OF GROWTH, THE TASK OF PROVIDING RURAL TELEPHONE SERVICE IS AS GREAT TODAY AS IT WAS 18 YEARS AGO WHEN THE REA TELEPHONE PROGRAM WAS MADE LAW. FOR ONE THING, THE CALLING HABITS OF TELEPHONE SUBSCRIBERS HAVE CHANGED. TODAY'S TYPICAL TELEPHONE SUBSCRIBER MAKES THREE TIMES AS MANY CALLS AS HE DID 15 YEARS AGO. THIS MEANS THAT THE 8-PARTY SERVICE OF TODAY IS ABOUT EQUAL TO 24-PARTY SERVICE IN 1953. ALSO, TELEPHONE SUBSCRIBERS HAVE GROWN ACCUSTOMED TO DIALING DIRECTLY - NOT ONLY TO THEIR NEIGHBORS IN THE LOCAL EXCHANGE, BUT ALSO OVER THE LONG DISTANCE NETWORK CONNECTING ALL THE COMMUNITIES OF THE NATION.

THESE INCREASED CALLING DEMANDS PLACE A HEAVIER BURDEN UPON YOU AND OTHER RURAL TELEPHONE SYSTEMS. IN ADDITION TO EXTENDING SERVICE TO PREVIOUSLY UNSERVED AREAS, YOU ARE BEING ASKED TO REDUCE THE NUMBER OF SUBSCRIBERS SHARING

A LINE AND TO PROVIDE THEM WITH THE MOST EFFICIENT SERVICE POSSIBLE AT RATES THEY CAN AFFORD. AS WE BOTH KNOW, THE CAPITAL OUTLAY FOR SUCH IMPROVEMENTS IS HUGE.

THESE INCREASED DEMANDS COME AT A TIME WHEN THE FEDERAL BUDGET, WHICH FUNDS THE REA TELEPHONE PROGRAM, IS SPIRALING UPWARDS AT AN UNPRECEDENTED RATE. THE RESULT HAS BEEN THAT THE ADMINISTRATION, OVER THE PAST 4 YEARS, HAS FAILED TO REQUEST OF CONGRESS THE FUNDS NECESSARY TO MEET YOUR GROWING CAPITAL NEEDS. THE RESULT OF THIS HAS BEEN A WIDENING GAP BETWEEN RURAL SUBSCRIBER NEEDS AND THE FINANCIAL ABILITY OF RURAL TELEPHONE SYSTEMS TO MEET THESE NEEDS. THIS IS CLEARLY MANIFESTED IN THE OVER 265 MILLION DOLLAR BACKLOG IN LOAN APPLICATIONS NOW ON FILE IN REA.

- SUPPLEMENTAL FINANCING -

IN MEETING THIS "CAPITAL DEFICIT" PROBLEM, YOUR ASSOCIATION TOOK RESPONSIBLE ACTION. IT RECOGNIZED THE ECONOMIC REALITIES OF THE SITUATION AND ELECTED TO GO THE ROUTE OF SUPPLEMENTAL FINANCING. IN DOING THIS, YOU FULFILLED TWO MAJOR OBLIGATIONS: FIRST, TO YOUR SUBSCRIBERS WHO EXPECT AND NEED RELIABLE COMMUNICATIONS SERVICE. SECOND, TO YOUR FEDERAL GOVERNMENT WHICH EXPECTS YOU TO ASSUME AS MUCH OF THE FINANCIAL BURDEN AS POSSIBLE.

AS A RANKING MEMBER OF THE HOUSE AGRICULTURE COMMITTEE, I TOOK PART IN WRITING THE TELEPHONE SUPPLEMENTAL FINANCING BILL. DURING THE SUMMER OF 1966 AND AGAIN DURING 1967, I LISTENED TO WITNESSES FROM THE VARIOUS FARM GROUPS AND FROM THE TELEPHONE INDUSTRY, WHO APPEARED BEFORE THE COMMITTEE TO TESTIFY ON VARIOUS PROVISIONS OF THE BILL. IT BECAME APPARENT THAT THE CHANCES FOR PASSING A TELEPHONE SUPPLEMENTAL FINANCING BILL WERE GOOD. AND PRINCIPAL AMONG THESE REASONS WAS THE CONSTRUCTIVE ACTION THAT WAS TAKEN BY THIS ASSOCIATION'S LEADERSHIP.

- NTCA'S CONSTRUCTIVE ATTITUDE -

FIRST: THERE WAS UNANIMITY AMONG THE TELEPHONE COOPERATIVE LEADERS. YOUR ASSOCIATION SPOKE WITH A SINGLE VOICE. APPARENTLY ANY DIFFERENCES THAT YOU HAD ON SUPPLEMENTAL BORROWING -- AND I'M SURE YOU MUST HAVE HAD SOME -- WERE RESOLVED AMONG YOURSELVES, NOT BEFORE THE AGRICULTURE COMMITTEE.

SECOND: YOU ALIGNED YOURSELVES WITH OTHER SEGMENTS OF YOUR INDUSTRY. IT WAS REFRESHING FOR MEMBERS OF THE COMMITTEE TO HEAR SPOKESMEN FROM ALL TYPES OF TELEPHONE SYSTEMS -- INVESTOR-OWNED, PRIVATELY-OWNED AND SUBSCRIBER-OWNED -- CONCUR ON A MEASURE TO BENEFIT SO MANY RURAL TELEPHONE SUBSCRIBERS. WE EVEN HAD ONE INDEPENDENT COMPANY WHICH WAS NOT AN REA BORROWER URGE PASSAGE OF THE SUPPLEMENTAL FINANCING BILL.

THIRD: YOU SOUGHT -- AND GOT -- BROAD BIPARTISAN SUPPORT IN THE CONGRESS. THIS WAS IMPORTANT TO YOU WHEN IT DEVELOPED THAT THE ADMINISTRATION, WHICH HAD AT FIRST URGED PASSAGE OF THE BILL, SUDDENLY SEEMED TO WITHDRAW THE PRIORITY IT INITIALLY GAVE SUPPLEMENTAL FINANCING.

FOURTH: YOUR ASSOCIATION LEADERSHIP WAS WILLING TO COMPROMISE. IN THE LEGISLATIVE PROCESS NO ONE INDIVIDUAL OR GROUP CAN EXPECT TO GET EXACTLY WHAT IT WANTS. YOUR LEADERS RECOGNIZED THIS AND WERE WILLING TO NEGOTIATE DIFFERENCES.

AS YOU KNOW, THE BILL HAS BEEN STYMIED IN THE HOUSE RULES COMMITTEE FOR MANY MONTHS. I AM HOPEFUL, IF THE BILL CLEARS THE COMMITTEE, THAT THE CONGRESS WILL ACT FAVORABLY ON THE MEASURE.

- 6 -

ENACTMENT WILL BE ENHANCED IF YOU CONTINUE TO CONDUCT YOURSELVES IN A CONSTRUCTIVE MANNER THROUGH THE REST OF THE LEGISLATIVE PROCESS.

- PROTECT THE SMALL COMPANIES -

LET ME OFFER AN ADDITIONAL GOAL FOR YOUR CONSIDERATION. BESIDES COMMITTING YOURSELF TO THE EXTENSION OF MODERN COMMUNICATIONS SERVICE TO RURAL AREAS, I SUGGEST YOU DEVOTE AN EQUAL AMOUNT OF YOUR ENERGIES AND RESOURCES TOWARD INSURING THE CONTINUATION OF THE SMALL TELEPHONE COMPANY IN RURAL AREAS. THERE IS A REAL MERIT IN THE SMALL TELEPHONE EXCHANGE IN KANSAS AS WELL AS IN OTHER STATES. THE RECORD OF THE REA TELEPHONE LOAN PROGRAM ATTESTS TO THE HIGH LEVEL OF PUBLIC RESPONSIBILITY OF SMALL TELEPHONE COMPANIES. I DO NOT THINK THAT IT IS IN THE BEST INTERESTS OF RURAL AMERICA OR INDEED TO THE NATION TO HAVE ONE, OR TWO, OR EVEN THREE COMPANIES SUPPLYING ALL COMMUNICATIONS SERVICE.

IN KANSAS, WE HAVE A TELEPHONE ASSOCIATION WHICH IS CARRYING ON A VIGOROUS STATEWIDE CAMPAIGN TO PERSUADE THE PUBLIC THAT THERE IS MERIT IN HAVING A NUMBER OF TELEPHONE COMPANIES. THEY HAVE ADOPTED A SLOGAN: "IT'S GREAT TO BE INDEPENDENT." I RECOMMEND TO YOU A SIMILAR PROGRAM.

ASSURING SURVIVAL OF SMALL TELEPHONE COMPANIES SHOULD BE OF SPECIAL INTEREST TO YOU BECAUSE IT INVOLVES THE GOOD NAME OF THE REA TELEPHONE PROGRAM. AS I HAVE SAID BEFORE, MY GROWING CONCERN IS FOCUSED ON THE ACTIVITIES OF HOLDING COMPANIES IN PURCHASING REA BORROWERS. I DO NOT WISH TO SEE TAXPAYER'S MONEY USED UNWISELY, OR FOR THAT MATTER, TO UNJUSTLY ENRICH THOSE WHO SELL AND THOSE WHO PURCHASE REA - FINANCED PROPERTIES.

THIS PRESENTS AN EQUALLY PROPER CONCERN FOR YOU. IF THE REPUTATION OF THE REA TELEPHONE LOAN PROGRAM IS IMPUGNED, THEN AS BORROWERS, YOUR REPUTATION IS SIMILARLY ENDANGERED.

- 7 -

- CONCLUSION -

RURAL TELEPHONY HAS MADE SUBSTANTIAL CONTRIBUTIONS TO RURAL LIVING. YOU CAN POINT TO MORE EFFICIENT FARMING, TO BETTER LIVING CONDITIONS, TO THE INTRODUCTION OF NEW BUSINESSES AND INDUSTRIES. I BELIEVE RURAL TELEPHONE SYSTEMS -- INCLUDING THE COOPERATIVES -- ARE RESPONSIBLE FOR STILL OTHER CONTRIBUTIONS LESS EASY TO DOCUMENT BUT HIGHLY IMPORTANT TO THE KIND OF LIFE WE ESTEEM.

TELEPHONE COOPERATIVES HAVE PLAYED A VERY SPECIAL ROLE IN RURAL LIVING. IN A VERY REAL SENSE, THE KIND OF LEADERSHIP WHICH YOU EXERCISE IN MEETINGS LIKE THIS ONE IS A TRAINING GROUND FOR FREE MEN TO USE IN DEFENDING THEIR FREEDOM AND IN ATTAINING OTHER GOALS.

I SHARE YOUR ENTHUSIASM AND CONCERN. FULL TELEPHONE SERVICE FOR RURAL AMERICA IS NOT A BLESSING THAT ANY OF US SHOULD TAKE FOR GRANTED.

THERE ARE GREAT TASKS AHEAD. I HOPE THAT WE MAY SHARE THEM.