

REMARKS OF
HONORABLE BOB DOLE
STATE INDEPENDENT TELEPHONE ASSOCIATION OF KANSAS

WICHITA, KANSAS
FRIDAY, APRIL 5, 1968

I AM DOUBLY APPRECIATIVE OF THE OPPORTUNITY TO SPEND A FEW MINUTES WITH YOU DURING YOUR ANNUAL ASSEMBLY HERE IN WICHITA. FIRST, AS A KANSAN AND AS A REPRESENTATIVE OF THE LARGEST RURAL DISTRICT OF THE STATE, I AM VERY FAMILIAR WITH THE WONDERFUL JOB THAT THE INDEPENDENT SEGMENT OF THE TELEPHONE INDUSTRY HAS DONE IN REDUCING THE HISTORICAL ISOLATION OF RURAL FAMILIES. SECOND, I CANNOT HELP BUT ADMIRE YOUR THEME FOR THIS SEVENTH ANNUAL ASSEMBLY -- INDEPENDENT FUTURAMA. DURING THIS PERIOD OF OUR HISTORY WHEN SO MANY OF OUR CITIZENS ARE CONFUSED AND QUESTIONING SOME OF THE BASIC FOUNDATIONS OF THIS NATION, IT IS INDEED A PLEASURE TO SEE A GROUP SUCH AS THIS PLANNING FOR THE FUTURE WITH OPTIMISM.

- SERVICE TO KANSAS -

NO ONE CAN SERIOUSLY QUESTION THE BENEFITS THAT PARTICIPANTS IN THE R.E.A. TELEPHONE LOAN PROGRAM HAVE PROVIDED FOR KANSAS. THE CASE IS WELL DOCUMENTED. WHEN THE R.E.A. TELEPHONE PROGRAM WAS AUTHORIZED BY CONGRESS IN 1949, ONLY A LITTLE OVER 68 PERCENT OF KANSAS FARMS HAD TELEPHONE SERVICE -- AND MUCH OF IT WAS OBSOLETE. NOW, 88 PERCENT OF THE MORE THAN 97,000 FARMS HAVE TELEPHONES. IN ADDITION, SERVICE HAS BEEN EXTENDED TO MANY RURAL HOMES AND BUSINESSES. AND THE GREATEST PROPORTION HAVE MODERN DIAL SERVICE.

THE FIRST R.E.A. TELEPHONE LOAN IN KANSAS WAS APPROVED IN APRIL OF 1951. SINCE THEN, R.E.A. HAS APPROVED MORE THAN 65 MILLION DOLLARS IN LOANS TO 40 KANSAS BORROWERS -- 29 COMMERCIAL AND 11 COOPERATIVE COMPANIES. THROUGH THESE LOANS, TELEPHONE SERVICE HAS BEEN PROVIDED FOR THE FIRST TIME TO 27,000 KANSANS AND IMPROVED SERVICE TO AN ADDITIONAL 80,000.

- CREDIT RECORD -

AND WHEN WE TALK ABOUT THESE CONTRIBUTIONS TO RURAL LIFE, WE CAN ALSO BE PROUD OF THE FACT THAT THE INDEPENDENTS -- BOTH COMMERCIAL AND COOPERATIVES -- PROVIDED THIS INVALUABLE SERVICE WITH FULL FINANCIAL INTEGRITY. YOUR LOAN REPAYMENT RECORD HAS BEEN WONDERFUL. YOU HAVE MADE TOTAL PAYMENTS OF MORE THAN 13.9 MILLION DOLLARS -- 6.8 MILLIONS REPAID ON PRINCIPAL AS IT BECAME DUE, 6.6 MILLION IN INTEREST, AND ALMOST ONE-HALF MILLION DOLLARS AHEAD OF SCHEDULE.

IN THIS ERA OF DEMANDS ON THE GOVERNMENT FOR GIVEAWAY PROGRAMS, YOU CAN BE VERY PROUD OF THE FACT THAT YOU HAVE MET YOUR OBLIGATIONS AND PAID YOUR OWN WAY.

- CHALLENGES AHEAD -

DESPITE YOUR REMARKABLE RECORD OF SERVICE AND GROWTH, THE TASK OF PROVIDING RURAL TELEPHONE SERVICE IS AS GREAT TODAY -- IF NOT GREATER -- THAN IT WAS 18 YEARS AGO WHEN THE R.E.A. TELEPHONE PROGRAM BECAME LAW.

FOR ONE THING, THE CALLING HABITS OF TELEPHONE USERS HAVE CHANGED. TODAY'S TYPICAL TELEPHONE SUBSCRIBER MAKES THREE TIMES AS MANY CALLS AS HE DID FIFTEEN YEARS AGO. THIS MEANS THAT THE EIGHT-PARTY SERVICE OF TODAY IS ABOUT EQUAL TO THE TWENTY-FOUR PARTY SERVICE IN 1953.

TELEPHONE USERS HAVE BECOME USED TO DIALING DIRECTLY -- NOT ONLY TO THEIR NEIGHBORS ON THE LOCAL EXCHANGE, BUT ALSO OVER THE LONG DISTANCE NETWORK CONNECTING ALL OF THE COMMUNITIES OF THE NATION.

THESE INCREASED DEMANDS PLACE A MUCH HEAVIER BURDEN ON YOU IN PROVIDING RURAL TELEPHONE SERVICE. IN ADDITION TO EXTENDING SERVICE INTO PREVIOUSLY UNSERVED AREAS, YOU ARE BEING ASKED TO REDUCE THE NUMBER OF SUBSCRIBERS SHARING A LINE AND TO PROVIDE THEM WITH THE MOST EFFICIENT SERVICES POSSIBLE AT RATES THEY CAN AFFORD.

- THE FUTURE OF THE RURAL AREAS -

LET ME POSE ANOTHER CHALLENGE TO YOU. THIS IS THE ROLE THAT YOU MUST PLAY IN BUILDING A MORE VIABLE RURAL ECONOMY. THE FANTASTIC MIGRATION OF PEOPLE FROM RURAL AREAS TO THE CITIES HAS REACHED EPIDEMIC PROPORTIONS SINCE WORLD WAR II. THE IMPACT ON BOTH RURAL AND URBAN AMERICA IS NOW FULLY REALIZED BY CONCERNED PEOPLE THROUGHOUT THE COUNTRY. THE MIGRATION HAS DRAINED THE RURAL AREAS OF NEEDED HUMAN AND ECONOMIC RESOURCES. IT HAS ALSO ADDED SIGNIFICANTLY TO THE PROBLEMS OF OUR CITIES.

THE ONLY LOGICAL WAY THAT THIS UNHEALTHY SITUATION CAN BE REVERSED IS THROUGH THE DEVELOPMENT OF AN ECONOMICALLY HEALTHY RURAL AMERICA. TO DO THIS, WE HAVE TO PROVIDE OUR RURAL AREAS WITH THE MODERN FACILITIES TO ATTRACT PEOPLE AND NEW INDUSTRIES. AND ONE OF THE MORE IMPORTANT OF THESE FACILITIES IS IN YOUR AREA OF RESPONSIBILITY -- THE PROVISION OF MODERN, DEPENDABLE TELEPHONE SERVICE. IT IS JUST NOT REASONABLE TO EXPECT ANY SUBSTANTIAL ECONOMIC GROWTH IN RURAL AREAS WITHOUT IT.

- CAPITAL REQUIREMENTS -

I HAVE NO DOUBT AT ALL BUT THAT THE TELEPHONE INDEPENDENTS WILL ACCEPT AND MEET THE CHALLENGE FACING THEM. BUT WE ALL KNOW IT IS GOING TO COST MONEY. THE CAPITAL OUTLAY REQUIRED TO PROVIDE THE INCREASED AND IMPROVED SERVICES NEEDED IS HUGE. AND WE ALL HAVE TO FACE THE FACT THAT THE NEED FOR INCREASED FUNDS COMES AT A TIME WHEN FANTASTIC DEMANDS ARE BEING MADE ON THE FEDERAL BUDGET. IT HAS NOT BEEN TOO MANY YEARS AGO WHEN PEOPLE EXPRESSED SHOCK AND INDIGNATION AT THE THOUGHT OF A NATIONAL BUDGET EXCEEDING THE 100 BILLION DOLLARS A YEAR MARK. WE NOW SEE ANNUAL FEDERAL BUDGET REQUESTS RAPIDLY APPROACHING THE 200 BILLION DOLLAR MARK.

THE RESULT OF THE SKYROCKETING COST OF THE FEDERAL GOVERNMENT IS INEVITABLE. PEOPLE THROUGHOUT THE NATION ARE DEMANDING SOME FISCAL SANITY AT THE NATIONAL LEVEL. AND THESE DEMANDS HAVE BEEN HEARD AND ACTED UPON BY THE CONGRESS. IT NOW APPEARS THAT THE NATIONAL ADMINISTRATION IS ALSO BEGINNING TO HEED THESE DEMANDS. WITNESS THE PRESIDENT'S RECENT ADMISSION THAT WE MAY NOT BE ABLE TO AFFORD BOTH GUNS AND BUTTER.

THE EFFECT OF ALL THIS ON THE R.E.A. TELEPHONE LOAN PROGRAM HAS BEEN INCREASINGLY FELT OVER THE PAST SEVERAL YEARS. THE LAST FOUR YEARS HAS SEEN THE FAILURE OF THE ADMINISTRATION TO REQUEST OF THE CONGRESS SUFFICIENT FUNDS TO MEET YOUR GROWING CAPITAL NEEDS. THE RESULT IS A WIDENING GAP BETWEEN THE NEEDS FOR RURAL TELEPHONE SERVICE AND THE FINANCIAL ABILITY OF THE RURAL TELEPHONE SYSTEMS TO MEET THESE NEEDS. WITNESS THE OVER 265 MILLION DOLLAR BACKLOG IN LOAN APPLICATIONS NOW ON FILE IN R.E.A. FURTHER WITNESS THE SECRETARY OF AGRICULTURE'S ESTIMATE THAT TELEPHONE BORROWERS WILL NEED LOANS AMOUNTING TO MORE THAN 2.6 BILLION DOLLARS IN THE NEXT 15 YEARS TO MEET SERVICE DEMANDS IN THEIR AREAS.

- SUPPLEMENTAL FINANCING -

IN AN ATTEMPT TO MEET THIS INCREASING CAPITAL DEFICIT PROBLEM, THE INDEPENDENTS -- BOTH COMMERCIAL AND COOPERATIVES -- HAVE TAKEN A RESPONSIBLE POSITION. REALIZING THE ECONOMIC REALITIES OF THE SITUATION, YOU HAVE CHOSEN TO BACK THE CONCEPT OF SUPPLEMENTAL FINANCING. IN CHOOSING THIS ROUTE, YOU ARE DOING IT IN AN ATTEMPT TO FULFILL TWO MAJOR OBLIGATIONS. FIRST, TO THE PEOPLE YOU SERVE, YOU ARE MEETING THEIR NEEDS AND DEMANDS FOR RELIABLE COMMUNICATIONS SERVICE. SECOND, YOU HAVE ELECTED TO MEET YOUR OBLIGATIONS TO THE TAXPAYERS OF THIS NATION BY ASSUMING AS MUCH OF THE FINANCIAL BURDEN FOR THIS INCREASED SERVICE AS YOU POSSIBLY CAN.

AS A RANKING MINORITY MEMBER OF THE HOUSE AGRICULTURE COMMITTEE,
I TOOK PART IN WRITING THE TELEPHONE SUPPLEMENTAL FINANCING BILL.
AS YOU KNOW, WE HELD HEARINGS ON THIS SUBJECT IN 1966 AND AGAIN IN
1967. DURING THESE HEARINGS WE LISTENED TO WITNESSES FROM FARM
GROUPS, THE TELEPHONE INDUSTRY AND OTHER INTERESTED PARTIES. IT
BECAME APPARENT DURING THIS PERIOD THAT WE STOOD A GOOD CHANCE OF
DEVELOPING AND PASSING A BILL WHICH COULD WELL SERVE TO MEET THE
SUPPLEMENTAL FINANCING NEEDS OF THE R.E.A. TELEPHONE PROGRAM.
THE TESTIMONY AND CONSTRUCTIVE CONTRIBUTIONS OF THE INDEPENDENT
TELEPHONE ASSOCIATION, THE NATIONAL TELEPHONE COOPERATIVE ASSOCIATION
AND THE NATIONAL R.E.A. TELEPHONE ASSOCIATION HAD MUCH TO DO WITH
DEVELOPMENT OF THE BILL WHICH EVENTUALLY EMERGED FROM THE COMMITTEE.

- THE CONSTRUCTIVE ATTITUDE OF THE INDEPENDENTS -

LET ME DWELL FOR A MOMENT ON THE ROLE THAT THE INDEPENDENTS
PLAYED IN THE HEARINGS THAT RESULTED IN THE SUPPLEMENTAL FINANCING
BILL. TO ME, YOU DISTINGUISHED YOURSELF IN THREE WAYS.

FIRST. THE SPOKESMAN FOR BOTH COMMERCIAL AND COOPERATIVE
GROUPS SPOKE WITH UNANIMITY. I KNOW THAT YOU HAD DIFFERENCES BOTH
WITHIN AND BETWEEN YOUR GROUPS. BUT APPARENTLY YOU RESOLVED THE
MAJOR DIFFERENCES AMONG YOURSELVES. AT LEAST YOU DIDN'T FIGHT THEM
OUT BEFORE THE COMMITTEE. IT WAS BOTH REFRESHING AND IMPRESSIVE
FOR THE MEMBERS OF THE COMMITTEE TO HEAR SPOKESMEN FROM ALL TYPES
OF TELEPHONE SYSTEMS -- INVESTOR-OWNED, PRIVATELY OWNED, AND
SUBSCRIBER OWNED -- UNANIMOUSLY SPEAK OUT ON A MATTER OF SUCH IMPORTANCE
TO SO MANY RURAL TELEPHONE USERS. WE EVEN HEARD AN INDEPENDENT COMPANY

WHICH WAS NOT AN R.E.A. BORROWER URGE PASSAGE OF THE SUPPLEMENTAL FINANCING BILL.

SECOND. YOU SOUGHT -- AND GOT -- BROAD BIPARTISAN SUPPORT IN THE CONGRESS. THIS WAS OF SPECIAL IMPORTANCE AFTER THE ADMINISTRATION -- WHICH HAD AT FIRST URGED PASSAGE OF THE BILL -- SUDDENLY APPEARED TO REDUCE THE PRIORITY WHICH IT HAD INITIALLY GIVEN TO SUPPLEMENTAL FINANCING.

AND FINALLY, THE INDEPENDENTS WERE WILLING TO COMPROMISE. IN THE LEGISLATIVE PROCESS, NO ONE INDIVIDUAL OR GROUP CAN EXPECT TO GET EXACTLY WHAT IT WANTS. YOU RECOGNIZED THIS AND WERE WILLING TO NEGOTIATE YOUR DIFFERENCES.

- CURRENT STATUS -

AS A RESULT OF COMBINED EFFORTS, WE HAVE WRITTEN A BILL WHICH PROMISES TO MEET THE NEEDS OF THE FUTURE IN AN EQUITABLE MANNER.

I WISH THAT I COULD REPORT TO YOU TODAY THAT THE SUPPLEMENTAL FINANCING BILL WAS SCHEDULED FOR FULL CONGRESSIONAL CONSIDERATION. HOWEVER, AS YOU ALL KNOW, THE BILL HAS BEEN BOTTLED UP IN THE HOUSE RULES COMMITTEE FOR MANY MONTHS. I HAVE DISCUSSED THIS SITUATION WITH THE HOUSE MINORITY LEADER, AND WE ARE DOING ALL WE CAN TO JAR IT LOOSE. I AM HOPEFUL THAT, IF THE BILL FINALLY CLEARS THE RULES COMMITTEE, THE CONGRESS WILL ACT FAVORABLY ON THE MEASURE.

- PROTECT THE SMALL COMPANIES -

LET ME COMMENT ON ONE ADDITIONAL MATTER. BESIDES COMMITTING YOURSELF TO THE EXTENSION OF MODERN COMMUNICATIONS SERVICE TO RURAL AREAS, I SUGGEST YOU CONTINUE DIRECTING 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 R.E.A. 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.

ASSURING SURVIVAL OF SMALL TELEPHONE COMPANIES IS OF SPECIAL INTEREST TO YOU BECAUSE IT INVOLVES THE GOOD NAME OF THE R.E.A. TELEPHONE PROGRAM. I AM BECOMING INCREASINGLY CONCERNED ABOUT THE ACTIVITIES OF HOLDING COMPANIES IN PURCHASING R.E.A. 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 R.E.A.-FINANCED PROPERTIES.

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

- CONCLUSION -

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

YOU ARE FACED WITH SERIOUS CHALLENGES IN THE FUTURE. YOU WILL BE CALLED UPON TO MAKE IMPORTANT AND FAR-REACHING CONTRIBUTIONS TO THE DEVELOPMENT OF A VIABLE RURAL AMERICA.

LET ME REPEAT MY ADMIRATION FOR THE ENTHUSIASM AND DETERMINATION YOU SHOW IN PLANNING FOR THE FUTURE.