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Office of the White House Press Secretary

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THE WHITE HOUSE

## STATEMENT BY THE PRESIDENT

The Rural Electrification Administration ("REA") was established forty-one years ago. At that time only 10 percent of the farms had electricity. Now 99 percent of America's farms enjoy the convenience and use of many electric labor-saving devices in the production of food and fiber for all our citizens. Productivity increases in American agriculture and the reversal of the rural to urban migration are testimony to the beneficial change that rural America has experienced -- which to a large extent is attributable to the improved availability of electricity.

In helping to electrify rural America since 1935, REA has made and guaranteed \$18 billion in loans. Significantly, during this current fiscal year REA expects to make \$3.5 billion in electric loan guarantees. The fact that only \$44,000 has been written off over these four decades is indicative of the conscientious effort not only to administer the program soundly but to assure that the taxpayer's money is secure.

The REA revolving fund and guaranteed loan program, established in 1973, is also being used effectively to help alleviate the energy shortage through the participation of REA borrowers along with the investor-owned utilities in the construction of new electric generation plants.

I have signed H.R. 12207, the Rural Electrification Act Amendments. This Act corrects some inequities that crept into the comprehensive 1973 changes in the Rural Electrification Act. The combined efforts of my Administration, the national associations of electric and telephone borrowers and the Congress in developing badly needed corrective legislation is a demonstration of the kind of cooperation and leadership that can make a program responsive to the needs of our people and the Nation.

The bill I have signed today will save the U.S. Treasury \$42 million in unnecessary interest subsidies in the five-year fiscal 1977-1981 period by changing the criteria establishing eligibility for two percent electric and telephone loans. The Act also transfers some \$456 million of unobligated funds from the 1973 appropriation into the Rural Electrification and Telephone Revolving Fund where it can be used for insured loans, subject to limitations established by the Congress.

These amendments to the REA legislation will help make a good program even more effective.

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