

Statement on Signing the Rural Electrification Loan Restructuring Act of 1993

November 1, 1993

I am pleased to sign into law H.R. 3123, the "Rural Electrification Loan Restructuring Act of 1993." This Act modifies the Rural Electrification Administration (REA) direct loan programs for rural electric and telephone cooperatives. It represents the culmination of many months of long, hard work by the Congress and the Administration in our commitment to revitalize the infrastructure of rural America.

Earlier this year in my State of the Union Address, I announced my intent to reform the REA. H.R. 3123 does just that. It represents an important first step towards reforming the REA loan programs and is a good example of the Government doing more with less. This legislation will enhance our ability to provide affordable electric and telephone services in rural areas and to ensure access to the emerging telecommunications technologies that are essential for the economic strength of rural areas and the Nation as a whole. It also allows the REA for the first time to make loans for energy conservation purposes.

This Act makes much needed program adjustments to minimize budget expenditures and save over \$100 million in 1994 alone. Despite this reduction in Federal assistance, rural electric and telephone consumer bills should not change substantially. By using means tests to target Federal funds and raising the maximum interest rate, H.R. 3123 allows the REA to use scarce resources more effectively. We should no longer hear about wealthy electric and telephone borrowers that receive Government loans at extremely low interest rates.

Although H.R. 3123 clearly represents a major improvement over current law, I have one concern with it. The Act places a 7 percent interest rate cap on certain REA loans, including those refinanced through the Department of the Treasury's Federal Financing Bank. Experience with Federal credit programs indicates that such statutorily fixed interest rate ceilings produce unpredictable

and unintended results, including (1) inequities among borrowers using the program at different times; (2) extraordinary demands for loans when market interest rates are high; and (3) increased budget deficits. The "open-ended" character of subsidies resulting from the interest rate cap is inconsistent with the Administration's objective of managing Federal subsidies more effectively. Accordingly, my Administration will work with the Congress to remove this provision.

Nevertheless, H.R. 3123 is, overall, a solid step forward. Today I wish to congratulate the Members of Congress and friends of rural America that helped to enact this first major reform of the REA loan programs.

William J. Clinton

The White House,
November 1, 1993.

NOTE: H.R. 3123, approved November 1, was assigned Public Law No. 103-129.

Statement on Signing Legislation To Phase Out Wool and Mohair Subsidies

November 1, 1993

Today, in signing S. 1548, something unusual will happen: a Federal program is being abolished so that more than a half billion dollars can be saved. This is a departure from business-as-usual in Washington, where programs seem destined to live forever, and Federal dollars raised from average Americans are treated as if they were meant to be spent or squandered instead of saved. But to accomplish the change my Administration is seeking, for the economy and for our country, it is no longer adequate to conduct the business of Government bound by the old arrangements. The legislation, which phases out the wool and mohair program, eliminates an outdated program, reduces the deficit, and affirms for the American people our commitment to change.

In February of 1993, I sent to the Congress "A Vision of Change for America," the budget document accompanying my economic reform program. Among the recommendations were reforms in the wool and mohair program; subsidies provided for nearly 40 years to wool and mohair producers when materials for uniforms and gloves were deemed by the Federal Government as "strategic materials." Although the Department of Defense determined by 1960 that wool was no longer a strategic material, the subsidies continued. It would have been unthinkable to engage in an across-the-board effort to reduce the deficit—as we did in the beginning of our Administration—and not seek changes in this program.

The Congress responded well to our recommendations: first, by providing a phase-down of the subsidies in the budget reconciliation legislation I signed last August; second, in the appropriations process when the Congress provided for a moratorium for one year on wool and mohair payments. The Vice President's National Performance Review suggested that the program be terminated. This legislation does precisely that.

Since these products are no longer strategic materials; since the wealthiest producers receive the largest fraction of the payments; and since many program participants can focus their operations on other profitable sales, there is no justification for maintaining this program on the books. I therefore welcome the decision by the Congress to repeal the authority under which the program operates at the end of 1995, with payments reduced in the intervening years, so that the termination of the wool and mohair subsidy can occur in an orderly but final manner.

This legislation reduces the deficit by \$514 million over fiscal years 1994 to 1998.

In February, when we first asked the Congress to reform this program, we initiated a national debate on changing the economic direction of our country. Since then, we have seen the Congress adopt nearly \$500 billion in deficit reduction, and we have seen a marked and welcome change in our economic circumstances. We have seen positive changes in the deficit, and interest, inflation, and unemployment rates. Much, much more needs to be done. We need to do better in

the creation of good-paying jobs. We need to make further reforms in spending by Washington, and we have proposed such reforms in the National Performance Review. We need to expand trade with adoption of the North American Free Trade Agreement. And, most of all, we must reform health care.

In the past, our citizens might well assume that Washington could not adopt this much change. But, in 1993, the American people have seen their Government fulfill its commitments on a wide variety of issues. It is my hope, as I affix my signature on S. 1548, that this additional, promised reform expands their trust for the work we must undertake in the weeks and months ahead.

William J. Clinton

The White House,
November 1, 1993.

NOTE: S. 1548, approved November 1, was assigned Public Law No. 103-130.

Notice on Continuation of Iran Emergency

November 1, 1993

On November 14, 1979, by Executive Order No. 12170, the President declared a national emergency to deal with the threat to the national security, foreign policy, and economy of the United States constituted by the situation in Iran. Notices of the continuation of this national emergency have been transmitted annually by the President to the Congress and the *Federal Register*. The most recent notice appeared in the *Federal Register* on October 28, 1992. Because our relations with Iran have not yet returned to normal, and the process of implementing the January 19, 1981, agreements with Iran is still underway, the national emergency declared on November 14, 1979, must continue in effect beyond November 14, 1993. Therefore, in accordance with section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)),