

billion per year) total about \$2.5 billion per year. This is a direct component of the gross national product, which is increased by a chain reaction effect engendered by the direct expenditures.

The program of the Rural Electrification Administration is carried out in rural areas and much of the immediate expenditures of beneficiaries from the REA program are in rural areas. However, a large part is for consumer appliances and equipment, and for construction materials, most of which are manufactured in urban areas. The urban areas also realize indirect economic benefits from the increased prosperity in rural areas made possible by modern electric and telephone service.

10. *Economic classification of program expenditures.* (See table 2.)

Program: Electrification program.

Department or agency, and office or bureau: Department of Agriculture; Rural Electrification Administration.

TABLE 2.—*Economic classification of program expenditures for fiscal year 1965*

Federal Government:

Purchases of goods and services:

Wages and salaries.....	\$5, 000, 000
Other.....	1, 000, 000
Loans to State and local governments.....	18, 340, 368
Loans (advances) to cooperatives.....	280, 922, 231

Total, Federal expenditures..... 306, 000, 000

NOTE.—In national income terminology, the Rural Electrification Administration is classified as a Government enterprise.

TELEPHONE PROGRAM

I. DESCRIPTION OF THE PROGRAM

(With the exception of questions 4, 5, and 10, this program is discussed under the electrification program.)

4. *Level of operations.* (See table 1.)

5. *Estimated magnitude of program in 1970.* (See table 1.)