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HARMONY, MINN.--The so-called "free enterprisers" who want to tax co-operatives really are out to destroy the free enterprise system of the American farmer, Hubert H. Humphrey, Minneapolis mayor, said here Saturday.

In a speech before the Fillmore County Co-operative Services, he accused the National Tax Equality association of aiding monopolies by trying to kill co-operatives.

"On one hand," he said, "the drive to tax the co-operatives continues the long struggle by big business to destroy the independence of small farmers."

"On the other hand, the 'tax-the-co-ops' movement by N.T.E.A. is ^{THE} opening round of a new method to knock out the co-ops. In the past, big business fought the co-operatives with price wars, denial of railroad facilities and barring from trade ^{PRIVILEGES} on the grain exchanges. Now the new tactics call for taxing the co-operatives out of existence."

Humphrey declared that the new fight is just the disarming opening in an out-and-out struggle to put an end to competition for the monopolies.

"By organizing co-operatively," he said, "independent farmers have been able to hold on to their farms, better their standard of living and increase their purchases of manufactured products."

He said that co-operatives have helped all business enterprises except certain monopolies like those in grain and oil because the farmers have increased their earnings through co-operatives.

"The N. T. E. A. is a group of professional lobbyists who are out to give the American people the wrong impression that co-operatives are tax dodgers."

He said the N. T. E. A. campaign is distorted and false because:

1. Co-ops do pay taxes. They pay all taxes that other businesses pay with the exception that some of the co-ops are exempt from ^{CORPORATION} income taxes just as are small unincorporated businesses.

2. Individual members of co-ops pay income taxes like everyone else on what they get back in patronage refunds.

3. The government is not losing huge sums of tax money by co-operative exemption, as charged. A study shows that the largest amount that co-op taxing could bring into the treasury is a little more than \$100 million. That would be something like 12 one-hundredths of 1 per cent of the total federal expenses.

Humphrey said that co-operative enterprise means economic collective bargaining for the farmer. "The co-operatives," he said, "offer to the farmer and the consumer a means of participating in the market on fair and equal terms with big business."

He said that the same congress that had curtailed appropriations of the rural electrification administration, soil conservation and the school lunch program has seen fit to investigate the co-operatives.

"On the one hand, the cry is for tax reduction-a tax reduction in the high income brackets, despite repeal of ~~excise~~ ^{ess} profits taxes. On the other, the demand is made for new revenues by taxing co-operatives."



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