

THE THREATS TO CO-OPERATIVES

Luncheon Meeting
Virginia, Minnesota
Saturday, October 15, 1960

Minnesota is the leading state in
America for co-operatives. Working
together, we have built many fine co-
operatives both in the producer and
consumer fields. We can take special
pride in the national recognition of
"cooperative month" right now.

Cooperative
Month

These cooperatives have been a
source of strength to us in good times
and bad.

Coops
source of strength

Frankly, my friends, if these
cooperatives did not exist, we would

have to create them, because they
fill a real economic need for our
people as a part of our free, private
enterprise system.

Here in northeastern Minnesota

I know you value your REA cooperatives
for the great benefits they have

REA Coops

brought to your community.

∟ I know you have been alert against
the unfair and unreasonable attacks by those
groups which hope to weaken and destroy
your cooperatives.

∟ Let me warn you -- the same
forces trying to undermine government
efforts to aid the farmer or consumer
are trying to undermine your cooperatives.

The enemies of the cooperatives

are not going to succeed -- but this is
no time for complacency.

I know something about the attacks
on cooperatives. I have been fighting
them ever since I went to the Senate
in 1949.

└ I was there in 1951 when they
tried to adopt the proposal for
double taxation upon the cooperatives.

└ We fought this proposal -- and we won.

└ We thought we had settled the issue.

We thought it was clear that a
patronage refund should be taxable only
once and then to the producer in the
year when allocated.

└ But the enemies of the cooperatives
have never considered the matter settled.

They sharpened their knives and came
back again and again.

Recent court decisions have created
confusion and it again has become
necessary for Congress to consider
clarifications of the tax laws affecting
cooperatives.

We had extensive hearings in
Congress last year, and the Administration

(X) brought out the so-called Anderson (~~Secretary~~)
proposal to tax cooperative patronage
refunds at corporation income tax rates.

TAX Patronage
Refunds at Corp
Tax Rates.

Q There were also drastic measures
aimed at REA cooperatives in the form
of higher interest rates.

Higher
Interest
Rates
REA

I am proud of my fight for

Senate Resolution 144, the
Humphrey-Price bill, to end the
"political screening" of REA loans.

It was vetoed by the President. We
passed it over the veto in the Senate
and it would have passed over the veto
in the House, too, if we had had just
four more Congressmen, such as your
own John Blatnik.

We have not seen the last of the
attacks upon the cooperatives. And the
only way to beat these attacks is to
defeat candidates who do not stand
solidly and distinctly behind the
cooperative movement.

You ought to know what the political parties say in their platforms and you ought to know what the candidates say or do not say about your cooperatives.

I am going to spell out the record for you because you have a right to know.

I do not think you have any right to expect that a Richard Nixon in the White House will be any better a friend of the cooperatives than the Richard Nixon who made his first step into national politics by using the "political tar-brush" on a great friend of the cooperatives, Congressman Jerry Voorhees.

NIXON
+
COOPS

The GOP platform is just as discouraging. It contains just 13 words on cooperatives. It does not say how the Republican Party plans to strengthen the great democratic, cooperative movement.

Here is what the Republican platform for 1960 says about the cooperatives:

"Quote--- "Encouragement of farmer-
owned and operated co-operatives
including rural electric and
telephone facilities." Unquote.

GOP
Platform
on
COOPS

That's it. Just 13 words -- that's all. I don't know whether that is lucky or not. They don't say how they will "encourage" the cooperatives -- but

it will probably be in the same

way as they have in past years----

---They will encourage you to go

to Wall Street for your loans.

---They will encourage ~~you~~ to pay

higher interest rates.

---They will encourage you to pay

double taxes.

Not much real encouragement in those

13 words.

< Homer Brinkley, executive vice-

president of the National Council of

Farm Co-operatives, sent a message

to both Presidential candidates asking

them their position on the farm co-operatives.

Mr. Brinkley got an early reply
from Senator John F. Kennedy -- and it
was a wonderful statement -- but Mr.

Brinkley is still waiting to hear from

Mr. Nixon.

Mr. Nixon was in Minneapolis in
September and at a press conference
one of our co-op editors asked him
about the co-op tax question and here is
what he said:

"I believe that as long as those
co-operatives engage in activities that
are directly related to that purpose" ---
(narrowing the marketing spread) -- "and not
in activities which are completely
extraneous and thereby competitive with

private business, there is no tax problem of consequence, and I would not advocate a modification of the tax treatment that they receive when they stay in the fields for which they are properly formed. I believe that consumer co-operatives should not have a special tax status which enables them to compete unfairly with private business who also may be in the same field."

The Republican candidate for President says little about strengthening farm cooperatives, and nothing about strengthening consumer cooperatives.

Let me say that the consumer co-operatives do not have a special tax status and they are not seeking any special tax treatment.

But on the other hand, they should not be the victims of discriminatory, vindictive taxation.

I am concerned about this distinction which the vice president attempts to draw on consumer co-operatives.

Listen to him, speaking at Plowville at Sioux Falls. He says:

"We will seek to improve prices by increasing the farmer's bargaining power through support of producer co-operatives."

Here again he draws the line on the

consumer co-op.

Let's see what he says about REA
co-ops at Sioux Falls.

He says he is for maintaining
"present REA interest rates for activities
clearly related to the needs of rural
areas."

Couldn't he have said it plainer?
Couldn't he have just said we are for
maintaining present REA interest rates
at 2%?

No, not Mr. Nixon. Here he goes
apparently all ready once again to open up
the old dispute about who can be served by
an REA system -- whether it is just farmers
or everyone unserved in a rural area.

Mr. Nixon gives lip-service to
producer and REA co-ops, but he
constantly draws the line at consumer
co-ops.

Let me tell you now what the Democrats
stand for. Let me tell you what Jack
Kennedy and Hubert Humphrey stand for.

The Democratic platform --which I
helped write -- pledges that we will
encourage agricultural cooperatives by
expanding and liberalizing existing credit
facilities and by developing new facilities
to help co-ops extend their marketing and
purchasing activities.

✓ The Democratic platform pledges that
we will protect cooperatives from punitive
taxation.

The Democratic platform pledges
that we will maintain interest rates
for REA co-ops and for public power
districts at levels provided in the present
law.

The Democratic platform pledges active,
vigorous support in meeting the growing
demand for electric power and telephone
service to be filled on a complete area-
coverage basis, without requiring special
benefits for special interest power
lobbies.

In his letter to Homer Brinkley,
Jack Kennedy said "I believe in the
spirit as well as the letter of the

Democratic Party's platform pledge
to protect and encourage the efforts of
farmers to work together effectively
through their own co-operative enter-
prises. I stand behind that pledge, and
a Democratic Administration will carry
it out."

That is the kind of support
co-operatives should have in Washington.

And that is the kind of support
you will get with the real friends in
the White House.

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RECESSION AND UNEMPLOYMENT -- A NATIONAL
PROBLEM

Co-op Shopping Center
Virginia, Minn.
1:25 p.m., Sat. Oct. 15

Today I want to quote for you
a statement from the 1960 Republican
campaign speech kit.

This is the official bundle of slogans
and catch-phrases sent to all the GOP
candidates. It represents the formal line
of the party.

And on page 59 of the Republican
speech kit is this statement:

"The past seven years have been
the most prosperous for America."

I have one question for the
Republicans. Where is this prosperity?

It is with the biggest corporations,
whose profits after taxes increased
77 percent from 1952 to 1959. I'll
admit that.

Financial
Houses
Profits up
62%

But where else is this "prosperity"
of which the Republicans boast?

∟ It is not with the farmers. There
are 900,000 fewer farms in America today
than in 1952 because of sliding income.

23,000
fewer
farms

∟ It is not with the independent
businessmen. The rate of bankruptcies
has doubled since 1952.

800 to 1700

∟ And it most certainly is not with
millions of workers in all parts of the
nation.

3 million
fewer
farms

Don't just take my word for it.

Study the facts and read what the
objective experts say.

A respected national economic writer,
Sylvia Porter, wrote this recently and

I quote:

"We have been in a recession for
some months."

And a leading economic analyst, Dr.

Leonard Lempert, said:

"A major cyclical turning point was
reached in June...A recession began
July, 1960."

Now the people of this great Iron Range
area don't really need to be told what is
going on by analysts and writers. They are

not making up their minds on the basis
of charts, statistics and "cyclical
turning points."

You know there is a recession today.

And you knew that this recession was
brewing long before most of the people
in the country.

~~I hope you know also that the
critical economic problems of the Iron
Range are not just local or state
problems.~~

And I hope you know also that the critical
economic problems of the Iron Range are not
just local or state problems.

And I hope you have not been fooled by

the statements of the Republicans and Mr. Nixon that business is better than ever and that everything is just dandy in our economy.

On the same day Nixon said in his first television debate that "(quote) the economy is sound," the Labor Department added five major production centers of America to its list of areas with substantial unemployment.

But maybe Mr. Nixon does not consider unemployment anything to worry about.

In the Wall Street Journal of May 16, 1960, Nixon said:

"Unless unemployment goes over four and a half million, it doesn't become a significant issue in the minds of a great many people."

Unemp

I have news for Mr. Nixon.

Unemployment in June of this year reached 4,423,000. To those millions, unemployment is more than a "significant issue." It is a critical, basic, terrifying problem of survival.

Yes, the Republicans boast about prosperity. And when they can't hide the fact that millions are unemployed and business activity is depressed, they blame the Democrats. They say these are "local" problems.

Make no mistake. The problems on the Iron Range are not just local and they are not just state problems.

America is in the midst of a national recession. I have seen the effects of that

not
Local

recession in every part of the country,
and it is the direct result of an economic
slowdown fostered by the policies of the
Republican Administration in Washington.

Why are we in this recession -- here
on the Iron Range and in Ohio and in
West Virginia and in every part of the nation?

The answer is in the White House, in
an Administration which for eight years has
flashed a stop-light on progress and clamped
a vice on growth.

The high interest rates, the credit
restrictions and all the other tight money
policies of this administration have pushed
the economic growth rate of America down

from the 5 percent of the Roosevelt-Truman years to 2.5 percent for the Eisenhower-Nixon years.

In Minnesota alone, this low growth rate has cost the people \$3.2 billion in personal income. — *CNP — should be \$600 Billion — this would give \$50 B for Silver*

↳ When Americans earn less, they buy less.

When they buy less, business and production decline. And when production declines, there are fewer jobs.

This Administration has had opportunities to restore the growth rate and allow a return to economic health.

We in Congress have passed two Area Redevelopment bills -- but both were vetoed by the President.

We have sponsored programs for more housing, more highways, more hospitals, more urban renewal, more conservation projects. But the Administration of which Mr. Nixon is a part has said "NO".

My friends, America is growing. Our population is increasing and our needs are increasing. But without programs and policies keyed and tuned to growth, business activity will be checked and recession will continue to stalk millions of Americans.

The fiscal policies of the Republican Administration are blood-clots in our economic system.

The problems on the Iron Range --as they are elsewhere -- result from national Republican "trickle-down" economic theories,

high interest rates and credit restrictions which slow down growth and expansion.

How do we pull out of this recession?

We cannot restore economic health, we cannot bring more jobs, we cannot develop our communities, we cannot enjoy real prosperity by listening to the whines, pleas and threats of Republican self-interest.

We cannot bow to the pressures of big business and big corporations.

We cannot accept the propaganda of big-business Republicanism that a change in local and state taxes to benefit the corporation will benefit the people.

And we cannot bow down before the

threats of some corporate officials that they will pull plants and jobs out of the Iron Range unless their companies get special tax considerations from the state.

I denounce those threats. I call on you to reject them.

The only way we can revitalize the Iron Range and end the current national recession is with the election of a Democratic Administration.

A Democratic Administration in Washington will mean victory -- and not veto -- for Area Redevelopment, for community development, for positive, constructive programs of housing, hospitals, conservation and all the other projects

necessary for a growing, moving, dynamic America.

We Democrats believe in the greatness of America. We know that the basic conditions and resources of such areas as the Iron Range offer opportunity for unlimited prosperity, unlimited progress.

But we believe also that prosperity and progress cannot be achieved with special favors to big business or tax considerations for big corporations.

Prosperity and progress can be achieved, the recession can be ended and jobs will be plentiful only if the people of American recognize that our problems today are national problems.

We will move forward only if we have strong and active faith in the growth and the greatness of America. And only if our nation has positive, hard-working, dynamic leadership -- Democratic leadership -- in Washington and the White House.

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