

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

REA Coops

for the great benefits they have

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 40% Rates

There were also drastic measures

(Q)

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  
no  
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.

#####

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  
in million.*

*3 million  
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.

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.

*CAMP - should be \$600 Billion  
This would give \$50 B for Slaves*

↳ 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.

####



# Minnesota Historical Society

Copyright in this digital version belongs to the Minnesota Historical Society and its content may not be copied without the copyright holder's express written permission. Users may print, download, link to, or email content, however, for individual use.

To request permission for commercial or educational use, please contact the Minnesota Historical Society.



[www.mnhs.org](http://www.mnhs.org)