

## **Correspondence – National Council of Farmer Cooperative**

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Office of the President  
KENNETH D. NADEN

August 14, 1974

Governor Jimmy Carter  
1974 Campaign Chairman,  
Democratic National Committee  
P.O. Box 1524  
Atlanta, Georgia 30301

Dear Governor Carter:

This letter is in response to your inquiry of July 16, 1974. We are very appreciative of this opportunity to call attention of the 1974 candidates of the Democratic Party to the issues of most concern to farmer cooperatives. These issues are taxes, transportation and anti-trust.

Under Section 521 and Subchapter T of the Internal Revenue Code, cooperatives are entitled to single-tax treatment similar to that accorded partnerships under Subchapter K and small business corporations under Subchapter S. This treatment is justified as cooperatives are service-oriented, not profit-oriented; income above expenses is allocated to customers on the basis of their patronage of the cooperative rather than to investors. At the request of certain associations of investor-controlled businesses, bills are introduced in every Congress to repeal Section 521 and Subchapter T. Also, the Internal Revenue Service is interpreting these statutes in an unjustifiably restrictive manner. Candidates seeking the support of farmers and their cooperatives should support Section 521 and Subchapter T and also express dismay at current bureaucratic attempts to undermine this Congressionally-approved method of assessing taxes on patronage refunds.

A major factor depressing farm and cooperative earnings is the lack of affordable, efficient means to transport supplies to producers and crops to markets. As our railroads degenerate, this situation worsens. Two areas of particular concern are the lack of rail cars suitable for hauling

agricultural commodities and the abandonment of rail lines serving rural communities and storage facilities. We want public officials who will see to it that the necessary cars are available and that essential rail service in rural areas is retained.

Long ago Congress realized that, like the individual laborer, the individual farmer is basically powerless when dealing on his own with an agribusiness giant like A & P or H.J. Heinz. Therefore, it enacted Section 6 of the Clayton Act to give farmers the freedom to organize for collective self-help, free from harassment by anti-trust enforcers. When Clayton 6 proved ineffective in protecting farmers, broader shields were added in the Capper-Volstead Act. Spurred on by the questionable business practices of a few dairy cooperatives, the Anti-Trust Division of the Department of Justice is rallying anti-cooperative interests to support a drive to cripple or destroy the limited farmer cooperative anti-trust immunity. This limited immunity is essential to maintaining a balance of power in the marketplace and our people will back candidates who recognize the need for this protection and commit themselves to its retention.

These are the most important issues confronting farmer cooperatives today. We will also be looking to help candidates who support programs that will insure adequate supplies of fuel and fertilizer, minimize barriers to world trade, and stabilize the agricultural labor situation.

We will keep your inquiry handy and feel free to call additional matters of interest to your attention between now and the November elections. I do not anticipate being in Atlanta in the near future, and thus will not be able to accept your invitation to meet personally with you. I would suggest that you contact Mr. D. W. Brooks, Chairman of the Board of Goldkist, Inc. of Atlanta. Mr. Brook's long and distinguished career of service to farmers, their cooperatives, and the government makes him extremely well qualified to discuss these issues of concern to our organization.

Sincerely,



Kenneth D. Naden

KDN/gt

cc: Mr. D. W. Brooks