

THE FIRST NATIONAL BANK OF BIRMINGHAM  
BIRMINGHAM, ALABAMA

JOHN C. PERSONS  
PRESIDENT

December  
Twenty-first  
1939

Mr. Marriner S. Eccles, Chairman  
Board of Governors of the  
Federal Reserve System  
Washington, D. C.

Dear Mr. Eccles:

Some of my friends and customers in the textile business in the South are very much concerned about what they think is a plan to inaugurate a processing tax on cotton. I do not know how they have arrived at the conclusion, but they tell me that you attended a recent conference with other Government officials where this matter was discussed and planned.

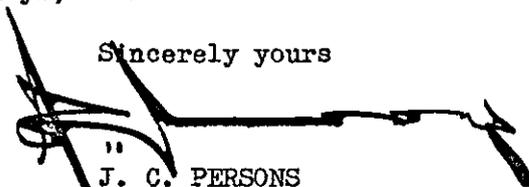
I do not know how you feel about the subject, but I know that the Southern part of the United States, which is highly dependent upon cotton for its prosperity, will definitely suffer if a processing tax is levied on cotton.

Cotton has suffered tremendously in the last few years from loss of markets. It is unnecessary for me to discuss with you why we have lost these markets. There are a number of reasons, among them being competition from paper, jute and wood. If we increase the price of cotton by adding a processing tax to it, it will inevitably decrease consumption and make more difficult the lot of our Southern people.

I hope that you view the matter as I do and will use your influence to oppose such a proposal. In any event, if you care to do so, I should be greatly interested in having your views.

With kindest personal regards and very best wishes for the Holidays, I am

Sincerely yours

A large, stylized handwritten signature in black ink, appearing to be 'J. C. Persons', written over a horizontal line.

J. C. PERSONS  
President

December 27, 1939

Gen. John C. Persons, President  
The First National Bank of Birmingham  
Birmingham, Alabama

Dear General Persons:

This will acknowledge your letter of December 21 in which you register your disapproval of a processing tax on cotton. You make the point that if the price of cotton is increased by the additional processing tax it will inevitably decrease consumption and therefore make the lot of the southern people more difficult.

While I am the last person who would prefer a processing tax on any article which is consumed by the masses of the people, there are sometimes practical considerations which make it impossible to achieve a theoretically ideal kind of tax. However, in the present instance I do not feel that it would be appropriate for me to discuss the pending proposals on their merits since the committee of which I am a member has not yet completed its report on the proposal. Nevertheless I appreciate your interest in writing me about the matter.

With kind regards and wishing you the compliments of the season, I am

Sincerely yours,

M. S. Eccles  
Chairman

LC/fgr

7/4

FILE COPY