

TO Gov. Eccles

FROM _____

REMARKS:

Chester Davis asked me to send you this.

Meantime, it now appears that a billion dollar tax bill is shaping up, with a broadening of the income tax base, lowering of exemptions (\$1700 for a married man), but still retaining the bad features of the previous measure.

Edmiston has prepared, and I will confidentially take to Bob to-morrow the memos which Larry and I have gone over--

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TELEGRAM

WK2 235 NT 1 EXTRA 1/166

CHICAGO ILL JUNE 3 1940

HON CHESTER C DAVIS

FEDERAL RESERVE BOARD

FOLLOWING TELEGRAM SENT TONIGHT TO CHAIRMAN HARRISON AND DOUGHTON QUOTE THE BOARD OF DIRECTORS OF THE AMERICAN FARM BUREAU FEDERATION MEETING IN SESSION HERE TODAY ADOPTED THE FOLLOWING RESOLUTION QUOTE WE WHOLEHEARTEDLY SUPPORT STEPS BEING TAKEN BY THE PRESIDENT AND CONGRESS OF THE UNITED STATES TO STRENGTHEN OUR DEFENSES IN THE PRESENT EMERGENCY. WE RECOGNIZE THAT THIS WILL IMPOSE NEW BURDENS UPON THE FINANCES OF THIS COUNTRY AND FEEL THAT THE FARMERS AND PEOPLE OF THE COUNTRY WILL WILLINGLY PAY TAXES THAT ARE LEVIED EQUITABLY AND EXPENDED EFFICIENTLY FOR THIS PURPOSE. WE FEEL THAT IT IS IMPORTANT THAT BURDENS BE IMPOSED IN ACCORDANCE WITH ABILITY TO PAY AND THAT ADEQUATE TAX PROVISION BE MADE TO CHECK ALL PROFITEERING. CARE MUST BE TAKEN TO AVOID FURTHER INCREASES IN HIDDEN TAXES UPON OUR NATIONAL CONSUMING POWER. THE PENDING MEASURE PROPOSING HORIZONTAL INCREASE IN ALL TAXES DOES WEIGH PRIMARILY ON CONSUMPTION AND UPON LOW INCOME MEMBER OF THE COMMUNITY. RECOGNIZING THE DIFFICULTY IN PREPARING A COMPREHENSIVE AND EQUITABLE TAX MEASURE TO MEET THE EXPENDITURES THAT WILL BE REQUIRED WE RECOMMEND THAT STEPS BE TAKEN TO ADJUST THE NATIONAL DEBT LIMIT AS REQUIRED BY THE EMERGENCY AND THAT A CONGRESSIONAL JOINT COMMITTEE IMMEDIATELY BE CONSTITUTED WITH INSTRUCTIONS TO FORMULATE AT THE EARLIEST PRACTICAL DATE EQUITABLE AND ADEQUATE LEGISLATION TO COVER THESE AND FUTURE EXPENDITURES FOR NATIONAL DEFENSE. SOUND LEGISLATION PREPARED BY THIS COMMITTEE WILL RECEIVE OUR PATRIOTIC SUPPORT. UNQUOTE.

EDW A O'NEAL PRESIDENT AMERICAN FARM BUREAU FEDERATION.