

Friday , May 13, 1927.

Report of the Newspaper Conference.

I haven't made any further decisions about judges. The Attorney General has sent word that Mrs. Sargent is feeling somewhat better and it is expected that he will return about the first of the week, probably Monday. I expect to be in a position to take up some further appointments.

Richard Washburn Child, I assume, has gone down into the flood area as a writer. He told me that he was going down and I suggested that he might get in touch there with the Secretary of War and the Secretary of Commerce, and they would probably be able to give him some information that might be helpful to him. The matter of flood control was not discussed at the Breakfast this morning. I don't know but it was mentioned incidentally. There was no discussion about it. The relief work is being organized there, so the reports from Mr. Hoover indicate, both for rescue and rationing while the floods are going on, and for rehabilitation after the floods recede. I think they are making very good progress in that direction.

I have a question relative to the stores of the United States that are maintained in Panama. If any one is desirous of getting a full discussion on that, if they will look into the Federal Relations of the United States, on page 613, they will find there a note from John Hay that explains that matter to a considerable extent. When we first went to Panama, of course, we didn't have any port within the Panama territory, I mean within the Canal Zone, so that we had to make our landings within the Republic of Panama, and it was for

that purpose that there was put into the treaty a provision to the effect that we could take stores, machinery, and so on, in through Panama without having to pay duty. But the treaty itself provided that the United States should have full sovereign jurisdiction over the Panama Canal Zone and that is what it has. Having that, of course this Government has just as much right to carry on business there as it would have to carry on business anywhere within the United States. But the Government has always recognized that it didn't care to engage in business there to any extent to the prejudice of the merchants of Panama, so that it provided in the treaty that was negotiated in 1926, and which has not yet been ratified by Panama, that such activities would be of a limited nature, and that the provision was to run in perpetuity.

I have noted that there is some effort being made to curtail oil production. The interest of the United States Government in that is on the side of conservation. We have a general interest in securing a supply of oil at a reasonable cost, but the main interest is one of conservation of our natural resources in order that they may be used for the best advantage of our people. I presume some of you in the conference will remember that about a year ago Governor Byrd of Virginia addressed an open letter to me complaining about the high price of gasoline. I think I pointed out at the time that it was probably due to natural causes, the falling off of that great production that had been going on for some time on the California coast, the great increase in the number of automobiles and so the greater consumption and the general use of oil and fuel,

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and suggested that while the Government would do anything it could to prevent illegal combinations from being made that would unduly enhance the price of gasoline, and for that purpose the matter was called to the attention of the Federal Trade Board and the Department of Justice, yet that it was thought that the result at that time was probably a natural working out of the law of supply and demand. I judge that developments since that time have confirmed that opinion. The great production that has come in in oil in Oklahoma, I think it is known as the Seminole Pool, where they are producing some 350,000 barrels of oil per day, increases the supply of oil in this country one-seventh. The result has been that there is more of a supply than for which there was a ready market and prices of oil and oil products have declined. Some one told me the other day that the price of gasoline in California, I think it was Southern California, was 12¢, which I judge to be a very low price. I don't know just what our local price is. Now the matter of price is not one with which the Government can deal very much, but we are interested to have conservation of oil and we are interested to have a free market in it to prevent anything like a conspiracy to raise prices, or any arrangement which would result in the waste of our oil resources. I have a Commission that I appointed two or three years ago on the conservation of oil and they are considering the question at the present time. I don't know just what they can do. They haven't made any final decision. They will do whatever they can to secure conservation of oil and prevent, so far as they can, its wasteful exploitation. But I want again to put the emphasis entirely on conservation. The matter of price is not one with which the Government undertakes to deal ~~except~~ except indirectly.

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