

INTER-OFFICE CORRESPONDENCE

AMERICAN AIRLINES, INC.

Amon G. Carter: ✓

To: Mr. C. R. Smith

Attention:

From: O. H. Hamm

Subject: Motor Gasoline Market

I thought that you told me that they had cut the price of crude. How do they cut the price of crude and use that as an excuse to raise the price of gasoline

Date: August 24, 1939

Reference:

C.R. ✓

In connection with the action recently taken in closing oil wells in a number of oil producing states which was intended to prevent a drastic drop in the price of crude oil and a drop in the price of motor gasoline, this has had the opposite affect insofar as motor gasoline is concerned in that since the order was issued, the published price of 70-72 octane motor gasoline has increased 1/4¢ due to alleged scarcity of crude and a rush of buying orders.

We have five gasoline contracts tied to the motor gasoline market in question and accordingly the prices under these contracts have also increased 1/4¢ per gallon. This situation is believed to be unique in the following respects:

1. This is the time of year when it would be natural to expect a decrease in the motor gasoline market rather than an increase.
2. The action taken by the Commission is as drastic as would be expected under a complete monopoly. Incidentally, the oil companies were indicted for artificially bolstering the price of gasoline under conditions much less arbitrary than the recent occurrence.

I do not know of any recourse we have in the matter but believe you should be informed of the affect this action has had on the prices under our contracts.

  
O. H. Hamm

OHH:LM

cc: Mr. R. S. Damon

cc: Mr. T. J. Dunnion

