SEVENTY SIX

Union Oil Company of California
AUGUST 1959

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Volume 3, Number 8

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THE COVER: Governor "Bill" Quinn, last appointed governor of the Territory of Hawaii and first elected governor of our 50th state, unfurls the state's first 50-star flag. Proud witnesses of the event are, from left, Union Oilers William Apaka, the Governor, Ted Lucero, Albert Wong, Bob Rath and Tajiro Watanabe. Story on Page 4.

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76 is a Union Oil Company of California trademark. It also symbolizes the American freedoms won in 1776, which made possible this nation's industrial development and abundance. Our SEVENTY-SIX magazine, published monthly, mirrors industrial freedom through the thoughts, skills, accomplishments and appreciations of Union Oil people. We invite readers to participate with us in an exchange of ideas and information. Address correspondence to The Editors, SEVENTY-SIX, Union Oil Center, Los Angeles 17, California.

How Else to Provide Oil?

There are ceaseless pressures in Congress to tamper with the depletion allowance, the key device for restoring our dwindling oil reserves.

A Basic Necessity

There is a widespread and mischievous misunderstanding about the depletion formula, which is basic to our defense and even to our standard of living.

Those who would reduce or eliminate the depletion allowance say they seek to close a glaring tax loophole. But the basic fact remains: our civilization still floats on oil, and we must be sure adequate encouragement is provided to the oil industry to continue its oil explorations.

New uses for petroleum products are helping to use up reserves at a rate that by 1957 had exceeded the rate of new discoveries.

Thanks to the present depletion allowance, oil explorers are encouraged to seek ways to reverse the diminishment of supplies. Without the allowance much of the search could not be financed, unless there were a substitute kind of revenue, such as higher gasoline prices.

The Better Alternative

The depletion allowance appears the better way: it lets an oil producer claim exemption for up to 27.5% of his gross expenses before paying income tax, on grounds that extracted oil and gas is capital that is depleted when sold.

The allowance alone is inadequate for exploration. To each dollar gained through allowance, the producer must add two more—from retained profits or from new investment—to carry on the long-odds speculation known as drilling for oil.

The current odds are 9 to 1 against a producing well. They go up to 50 to 1 against a well being moderately successful, that is, yielding a million barrels before running dry.

Expenses are rising beyond the 87% that drilling costs represented in the well-head price of a barrel of oil in 1957.

The margin for potential profits is hardly enough even for large operators. Yet the large operators are in the small minority: of 16,000 prospecting, nine-tenths have fewer than 10 employees; only 53 have 500 or more. The largest single company produces only 5% of the nation's output of petroleum.

Moderate Earnings

Those who think the oil industry ought to bear more of the tax burden, federal and state, are not supported by a survey of 22 years ending in 1957: a representative group of oil companies earned 9.6% annually on net worth, compared to 10.7% for all manufacturing companies.

Without a depletion allowance or higher retail prices it is hard to see how companies could continue to look for oil: in 1957 they poured $2.2 billion into dry holes in the United States alone.

Costs are increasing as wells go deeper. Those going down 15,000 ft. or more increased from one in 1938 to 192 in 1958. Cost has gone up from $14 a foot for the first mile to $110 a foot to 22,000 ft. One was sunk to five miles, and it was dry! Nobody gets a depletion allowance for a dry well.

One well, striking oil at 21,000 ft., will probably require eight years to get back costs before profit begins—if the well doesn't peter out meanwhile.

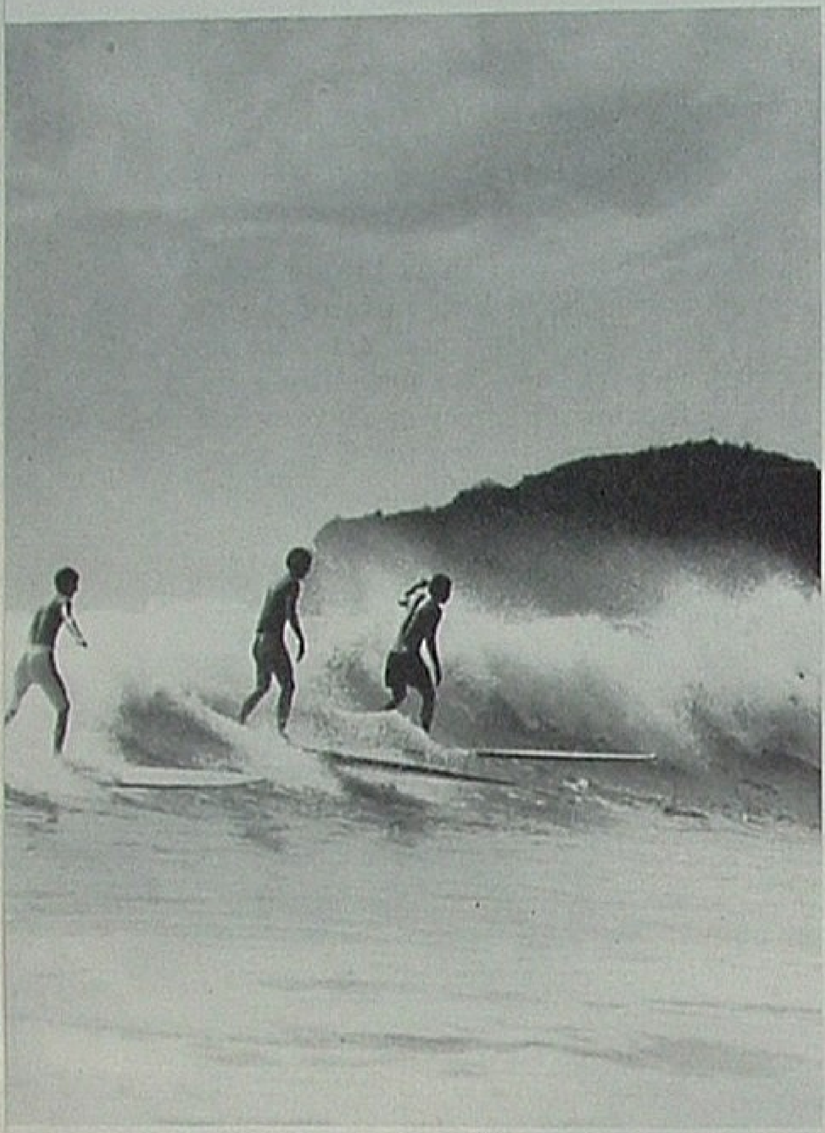
Efficiencies in the business have enabled these added costs to be shouldered while the price of gasoline, for instance, has gone up only 5.9%, exclusive of taxes, since 1949.

"The costs of materials, services and wages have jumped far in excess of that," according to a survey in Steelways.

Moreover, oil yields in taxes to federal and state treasuries about $1 of every $9.50 in the federal budget—more to the several governments than to all the stockholders.

Reprinted through courtesy of the Los Angeles Times, June 28, 1959.

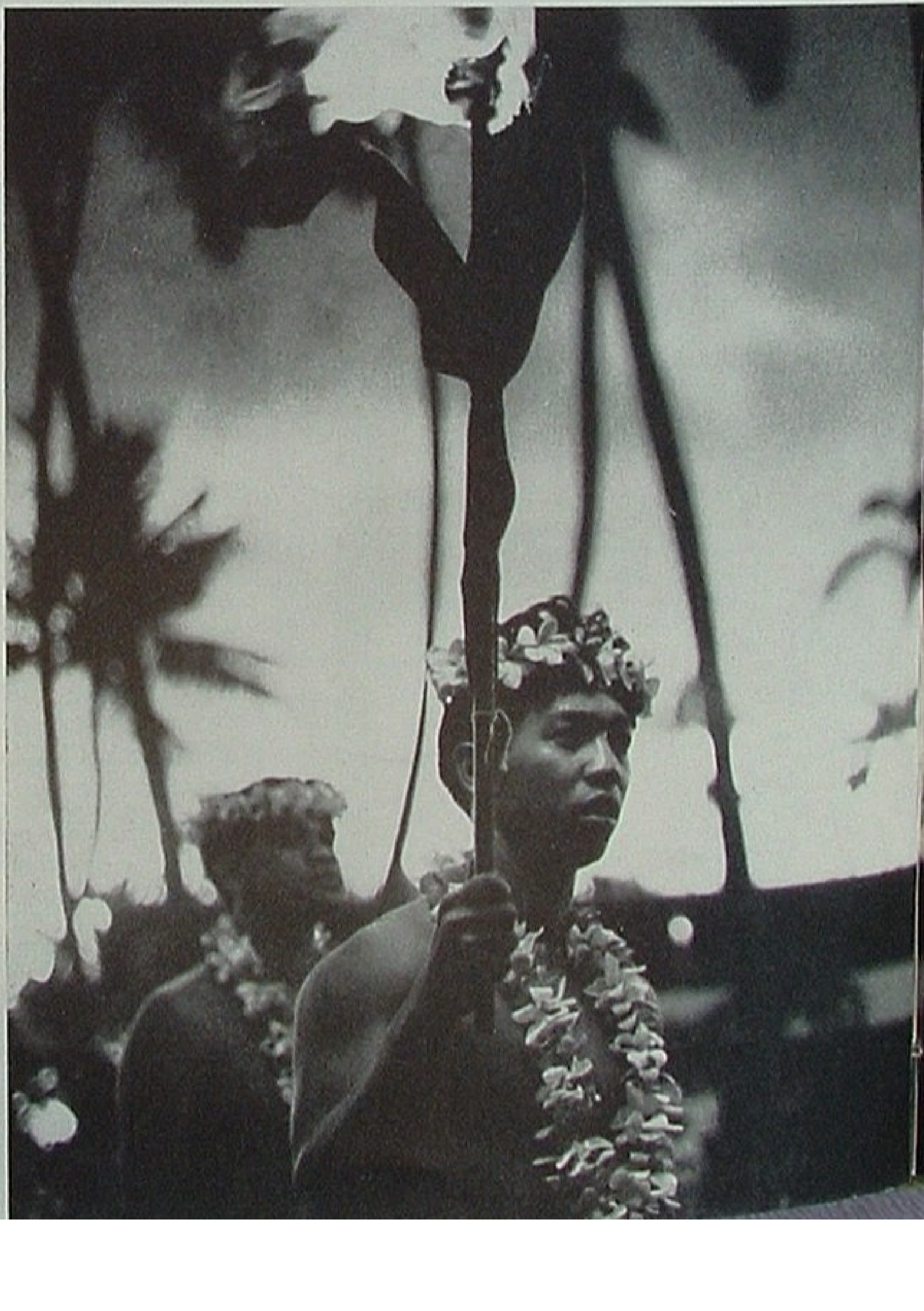
Rivaling Grand Canyon of the Colorado is Waimea Canyon on Kauai Island. Colorful and rugged, it is surrounded by a paradise of tropical vegetation, deep seas.



Aloha, Hawaii,

Surfboarding symbolizes the skill and daring that brought first settlers to Hawaiian Islands, probably from Polynesia, about 1,500 years ago.

To the sound of conch shells and native drums, these earnest 100% American citizens sing the Star Spangled Banner as our 50-star emblem is raised.



Many Americans, including those who spend only short vacations in the Hawaiian Islands, conceive of our 50th state as a palm-fringed beach and playground bounded at its two ends by Diamond Head and Aloha Tower and dominated largely by Orientals.

We have much to learn. Here actually is an archipelago of wide extent and surprising variety—an economy more dependent upon agriculture and industry than upon the tourist trade—a people more deeply dedicated than most other citizens of the United States to the ceaseless quest for human freedom and equality.

It is stated, through tradition and archeology, that the Hawaiian Islands were first inhabited about 500 A.D., probably by Polynesians, or possibly by seafarers from New Zealand, Asian or American shores. They were a brown-skinned, handsome, intelligent people, some of whose chiefs ruled through the authority of a physique weighing over 300 pounds. They were proficient in farming skills and brought with them to the islands various root vegetables and fruits common to Polynesia, also pigs, chickens and dogs. Totally lacking in beasts of burden and a knowledge of metals, they nevertheless produced abundant food for their needs—made weapons and tools from stone, wood, shells, teeth and bones—carried building, weaving and decorating skills to a high stage of advancement.

Aloha Oe!

from R. H. Rath

Without writing, they placed great emphasis on their 12-letter, 40-syllable, 20,000-word vocabulary; were fond of oratory; and preserved some of their history through specially trained memory experts and narrators. Though naturally friendly, courteous and hospitable, they did not shrink from ousting unwelcome visitors or settling local differences by means of war. Some of their games—such as throwing spears at each other—bordered a trifle on the rough side. Yet they had a passion for flowers, dancing and music. Their orchestras included drums, stringed instruments, wind instruments and a nose flute—though not the ukulele until after a Portuguese migration beginning in 1878.

Daring and skillful seamanship undoubtedly accounted for the original Hawaiian settlement. Even 1,500 years ago, Polynesians ventured hundreds of miles from home in large outrigger sailing craft, gaining a mastery over winds and currents and navigating by means of the stars. Perhaps it was some Christopher Columbus of the South Seas who envisioned greener islands to the northward and set out on a 2,000-mile voyage of discovery. At any rate, he apparently found what he was looking for—returned home—and sold some of his neighbors and friends the first one-way ticket to Hawaii.

There is evidence that the first Hawaiians lived and multiplied in complete isolation for about 500 years. Then contact was renewed with distant Tahiti and Samoa. Ruling chiefs dared the long ocean voyage, intermarried, exchanged courtesies, tools and skills. Again the contact was broken; from about the 13th century until Captain James Cook's discovery of the islands in 1778 native historians remembered no visitors.

The isolation, however, was far from boring. The island chain offered an astonishing variety of terrain, climate, flora, bird life, fishing, natural phenomena:

The island of Hawaii, largest and easternmost of the chain, is crowned by five volcanic mountains. One of them, Mauna Kea (White Mountain), rises 13,784 feet above sea level—is the world's highest island mountain—and, counting its abrupt plunge of 18,000 feet beneath the ocean's surface, is taller by nearly 3,000 feet than Asia's Mt. Everest. Neighboring Mauna Loa (Long Mountain), only 100 feet lower than Mauna Kea, is the world's largest in cubic volume and has a greater annual discharge of lava than any other volcano. Kilauea crater, a hole in the side of Mauna Loa, often entertains hundreds of auto-borne sightseers with the most spectacular of fireworks. Lesser volcanic mountains connect with the dominant heights by lava-flow saddles ranging from 3,000 to 7,000 feet in elevation. In the upper altitudes of these Hawaiian peaks snow is common and a lake at 13,000 feet often freezes over. Round about the island's crown of lava and snow are valuable forests, orchards, cattle ranches, plantations, mills and the thriving port of Hilo. Residents in a score of towns have lived on relatively non-violent terms with the volcanoes since 1790, when Kilauea destroyed a division of the native army.

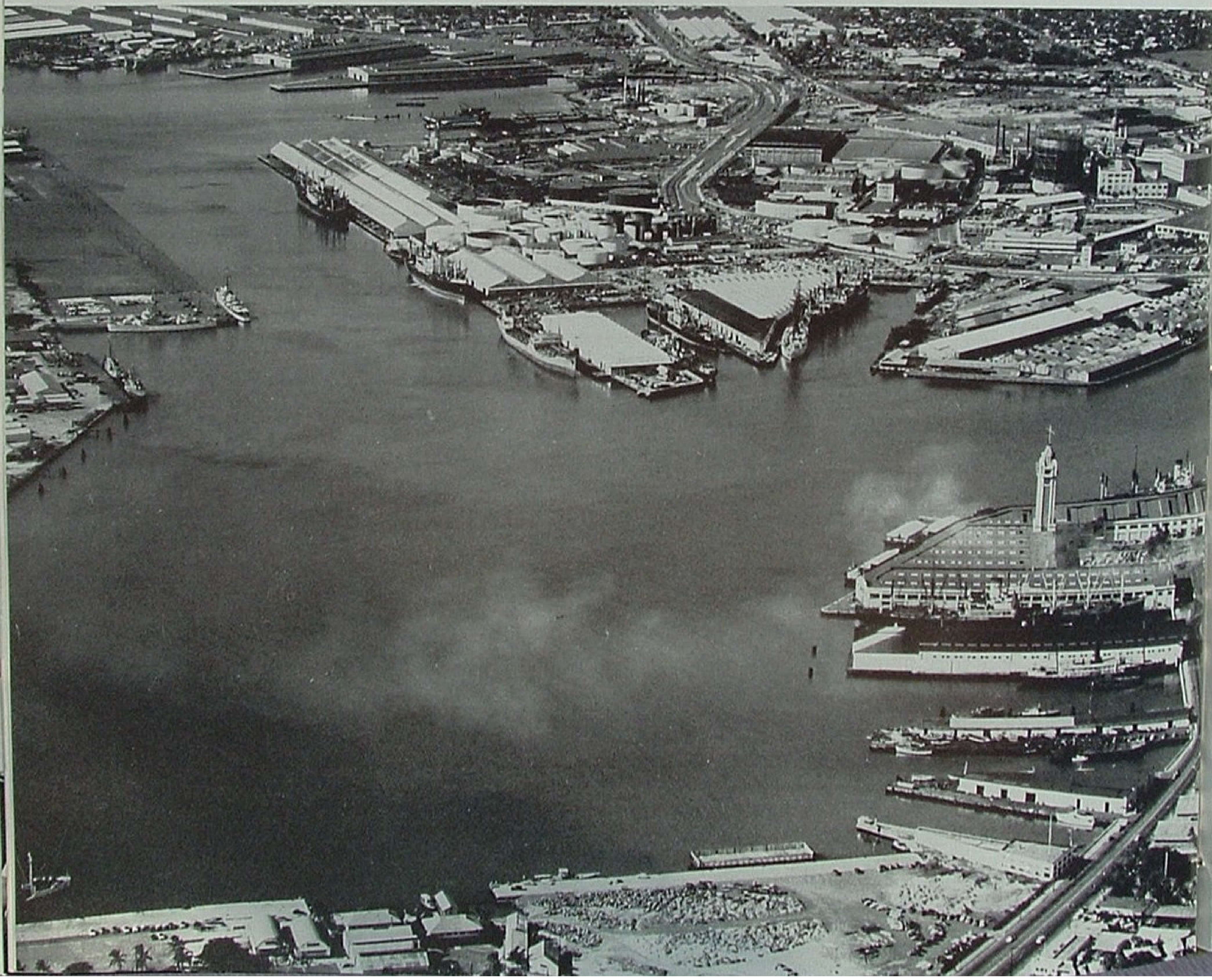
Maui, Molokai, Lanai, Kahoolawe, 26 miles from Hawaii and some 10 miles apart, are also of volcanic origin. Maui has the largest of all extinct craters, a pit 20 miles in circumference and 2,700 feet deep. Canyons, waterfalls, lush vegetation and spectacular seascapes make of it one of the new state's foremost scenic attractions. Molokai, rising a sheer 400 to 5,000 feet out of the sea, shelters magnificent valleys on its downwind side, one of them containing the famous settlement for lepers. Lanai and Kahoolawe, small islands once denuded by overgrazing, have in recent years attracted agricultural development and re-settlement.

Oahu, traditional seat of government and center of urban population, is familiar to most of the world as the location of Honolulu, Diamond Head, Waikiki Beach, Pearl Harbor. In contrast to the city's moderate rainfall, the Pali, a precipice within close sight of Honolulu, surprises the visitor with its strong winds and torrential downpours exceeding 150 inches annually. To the important agricultural yield of Oahu, including sugar cane and pineapples, have been added practically all branches of American business and industry, gigantic military installations, excellent harbor accommodations, fine homes, churches and schools, and some of the world's favorite vacation attractions.

Kauai, 63 miles west of Oahu, with its 3,000-foot-deep Grand Canyon of the Waimea, is a rival in color and magnificence of Colorado River's Grand Canyon. To its breath-taking sculptures in rock are added foaming rivers, waterfalls and resplendent tropical vegetation.

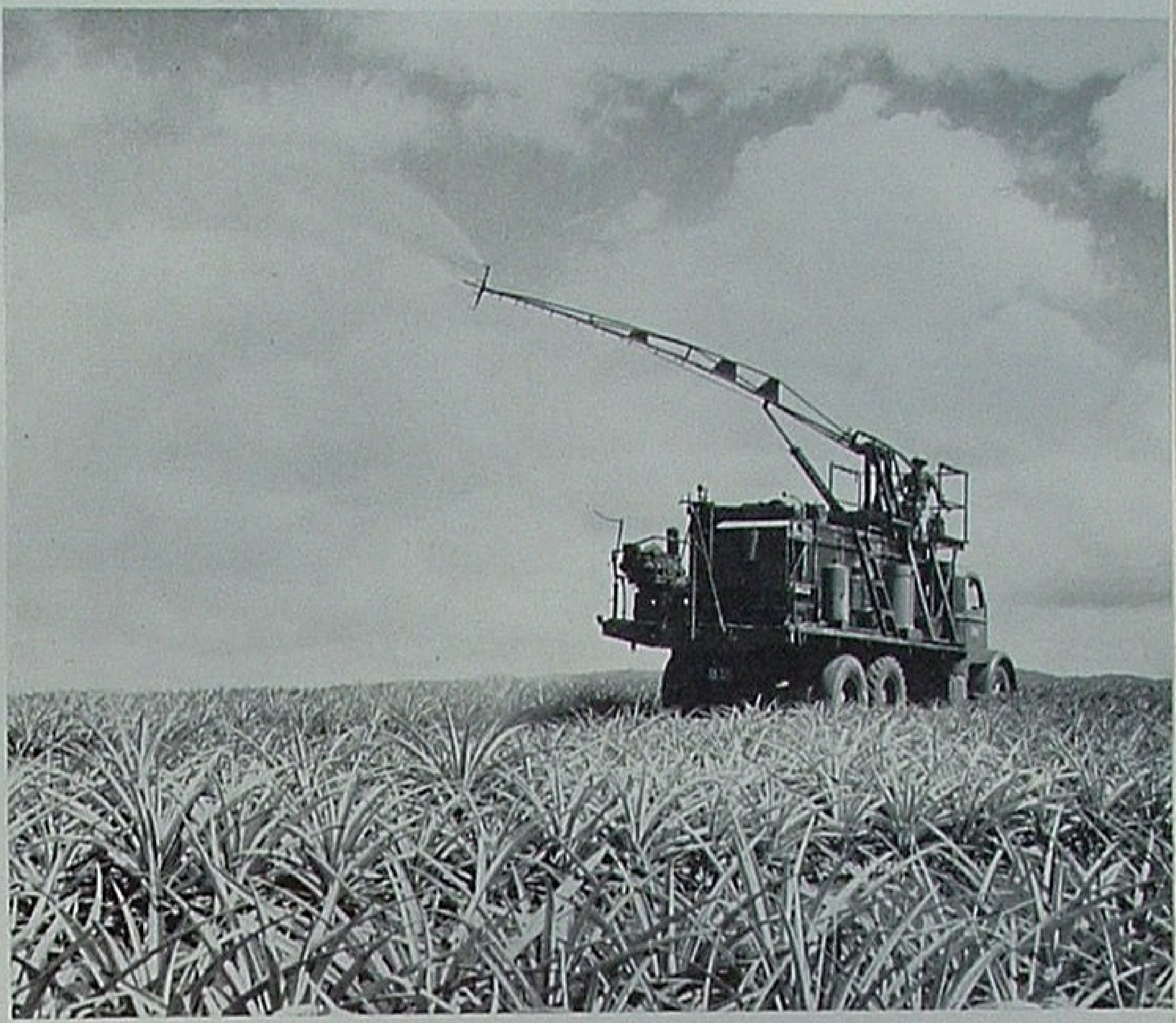
Niihau, a small island privately owned by the Robinson family, is noted for its colony of over 200 nearly pure-blood Hawaiians. Visitors to the island are admitted

Honolulu, meaning peaceful haven, has one of the world's finest natural harbors. Union Oil Terminal is near center of photo.



Mechanization is a feature of Hawaii's thriving agricultural enterprises—this machine is spraying insecticides over a field of pineapple plants.

Among most famous Hawaiians is Duke Kahanamoku, Olympic Games swimming champion of 1912 and still admired worldwide. He once operated this service station for our Company.



only on invitation of the owners, who live on Kauai. The Hawaiians here are preserving as nearly as possible the independent way of life of their ancestors. They pay the rent by cooperating in a ranching project that produces cattle, sheep, bees and Arabian horses. It was a Niihauan who, after being wounded by a downed Japanese pilot following the Pearl Harbor bombing, killed the invader with a rock. Better not go there uninvited.

To this brief, basic sketch of our 50th state must of course be added the tide of influence that has swept these islands since Cook's 1778 discovery:

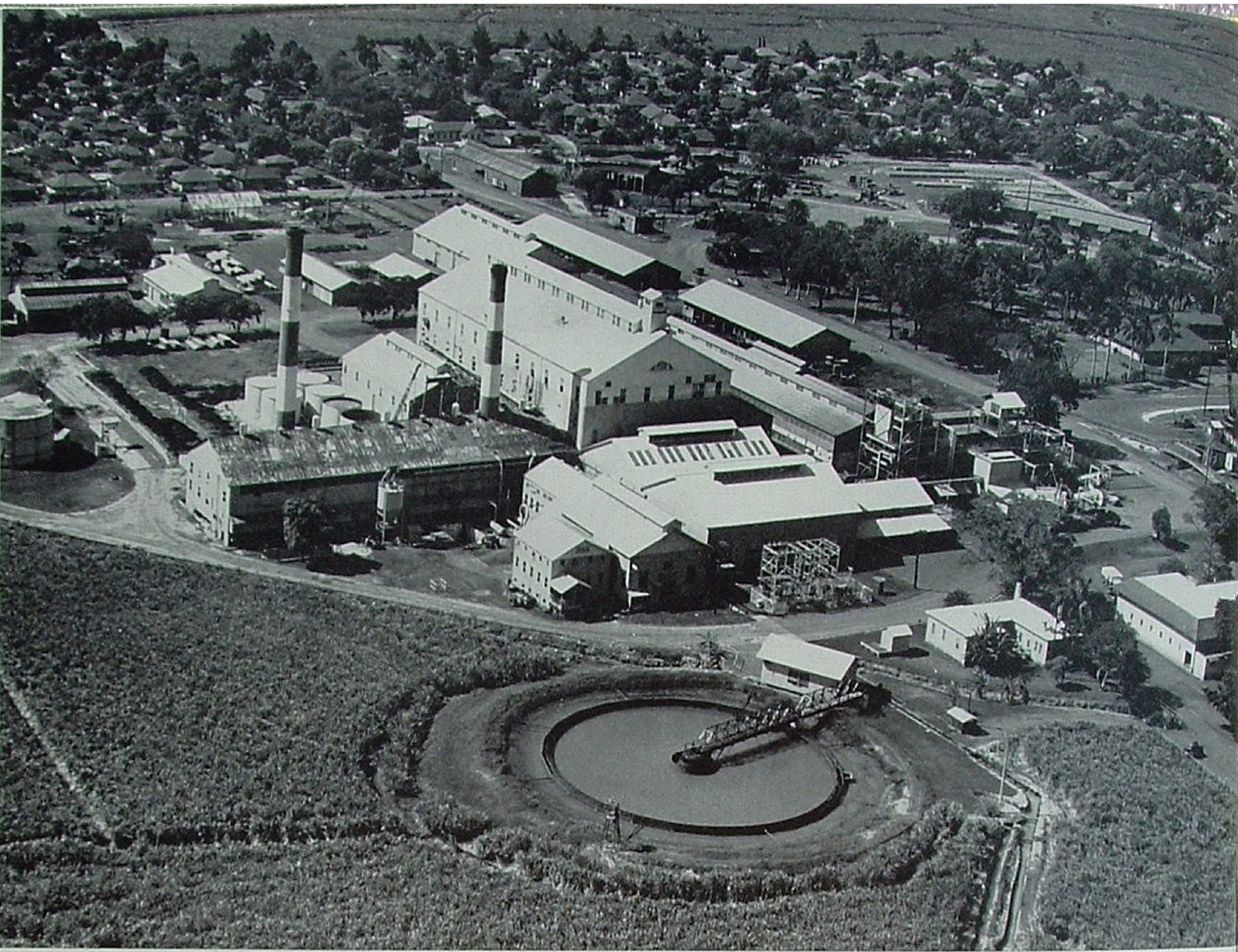
Sandalwood exports, beginning in 1800, brought the Hawaiians their first commercial contacts with foreigners. Then came the whaling fleets, from 1820 to 1880, in quest of provisions, oil storage, and Hawaiian seamen. Later, as petroleum replaced whale oil in the commercial scheme of things, tankships visited the islands, two of the first being Union Oil's FULLERTON and WHITTIER. The sugar industry, introduced as early as 1802, made its greatest strides following U. S. annexation of the territory in 1898. Pineapple cultivation in the early 1900's became a major pillar of the agricultural economy that included livestock, coffee, rice and numerous tropical edibles. Industrialization of a hundred varieties followed the basic farming trends, then boomed to impressive stature during and after the Pacific conflicts of World War II.

Meanwhile the population was undergoing tremendous change. Civilization's diseases, toward which the isolated Hawaiians had built no immunity, took a frightful toll of the native population. Foreign commerce brought thousands of new residents and visitors, many of whom left descendents of mixed blood. Large migrations of Chinese, Filipino, Japanese, Korean, Portuguese, Spanish, Puerto Rican and other nationalities were welcomed to Hawaii as plantation laborers; many have remained. From the United States and Europe during the past hundred years have come countless others—missionaries, professional people, businessmen, tradesmen, craftsmen, soldiers, pleasure seekers. Each has contributed to a polyglot census of some 600,000 islanders—unique perhaps in all the world for their racial understanding and good will.

Union Oil Company's earliest commercial tie with the islands began in 1901, when an enterprising young salesman, John Baker, Jr., was sent there to interest cane-grinding mills in the use of fuel oil rather than coal as a source of their steam power. He made the sale to three plantations on the island of Maui. Sugar men found the oil so efficient they asked for it in large quantities. Union Oil responded early in 1902 with the Barkentine FULLERTON, a 16,000-barrel sailing vessel which immediately began supplying storage tanks on three Hawaiian islands. The following year Union's steamship tanker, the WHITTIER, made maritime history: she towed both the FULLERTON and SANTA PAULA to Honolulu and back in 28 days, delivering 35,000 barrels of fuel oil, the largest cargo ever handled in a single voyage up to that date. Our first marketing stations date from this odyssey.

Liking the islands and liked by them, Union Oil people and products have maintained an excellent commercial relationship with Hawaii ever since. Our modern marine

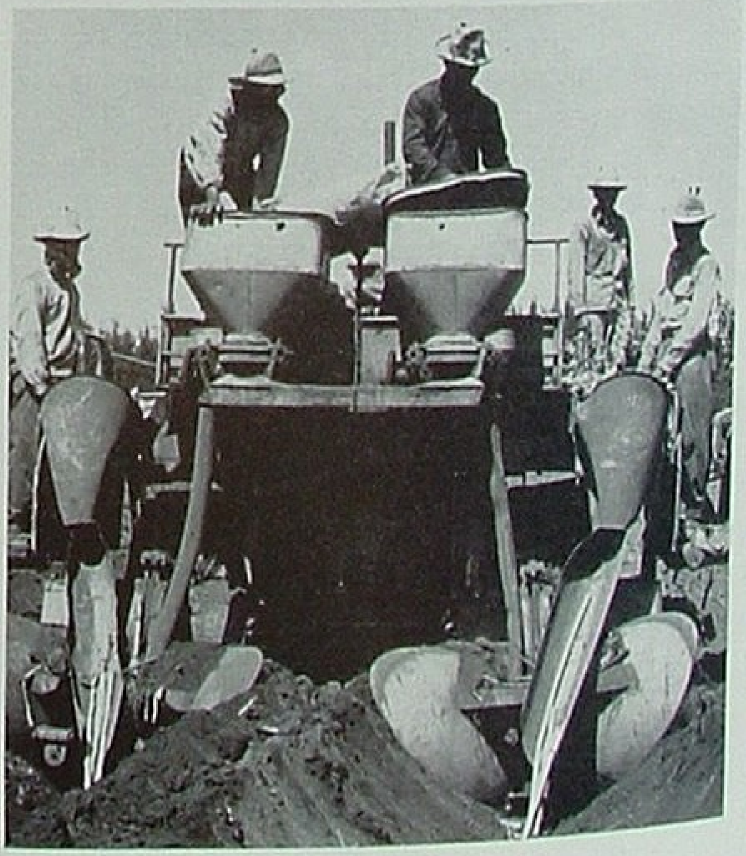
continued



Ewa Plantation on Oahu is one of the highly mechanized cane growing and sugar refining operations in Hawaii where "76" products are used.

To help supply large amount of water needed by young sugar plants, a portable irrigation flume extends from the Waianea Mountains.

This cane-field plow at Ewa also drops pieces of seed cane into furrows and does preliminary fertilizing.



terminal at Honolulu is supplemented by marketing stations at Hilo, Kailua, Honokaa and Kawaihae on the island of Hawaii and at Nawiliwili on Kauai. A total of 106 "76" service stations throughout the new state includes some of the largest-volume units in the Company's entire retail marketing area. Counting employees, consignees, distributors and their personnel who earn a livelihood through "76" products, there are approximately 76 Union Oilers numbered in the Hawaiian census.

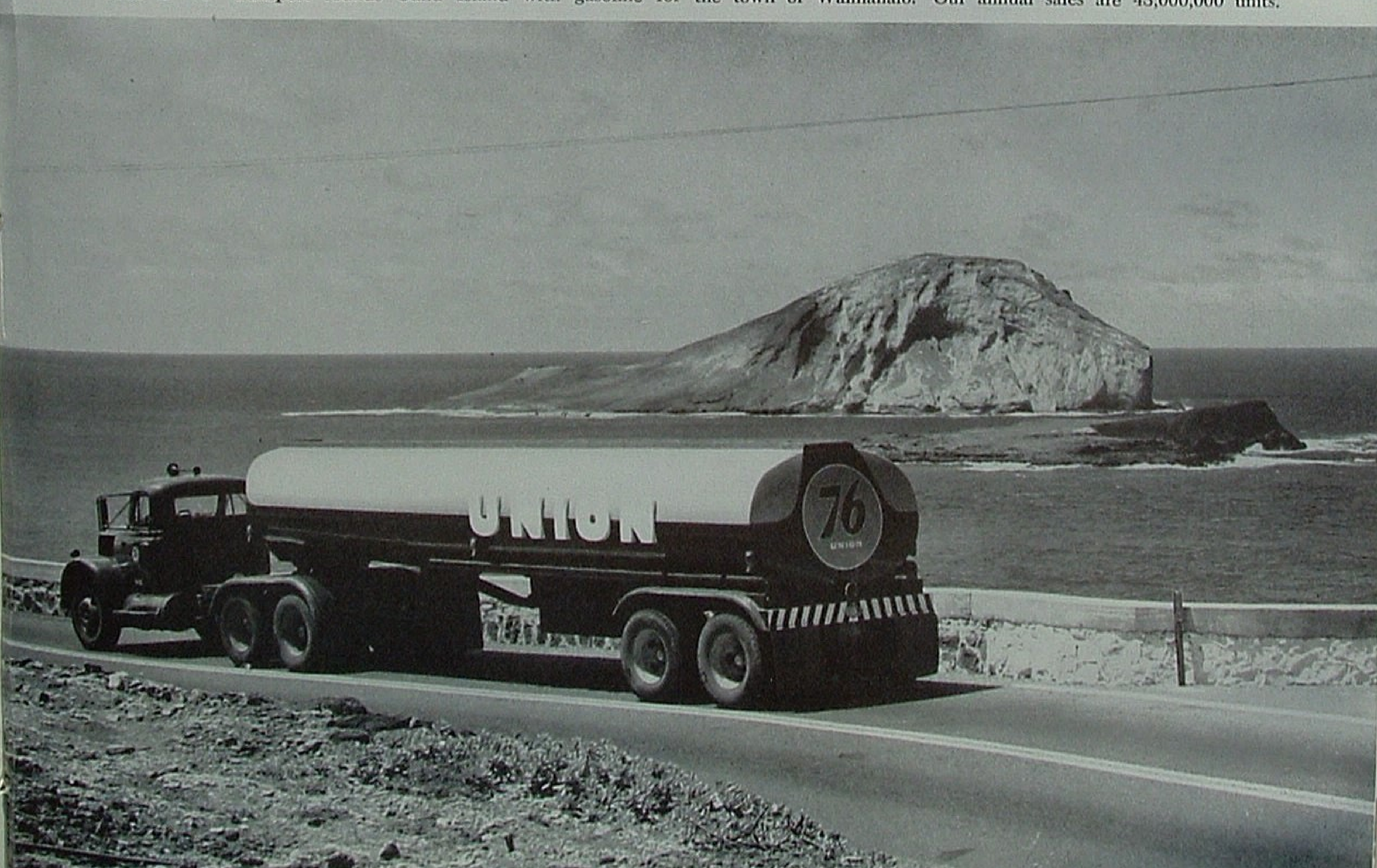
So, Hawaii becomes the 50th state of the United States with far more than a pleasant strip of beach to recommend the wedding. It is a land rich and varied in resources—delightful in climate and scenery—hospitable—inspiring to all who see it—limitless in potential. Its people, who have endeavored for many years to become full-fledged American citizens, will not only share the blessings of citizenship—they'll make vigorous contributions to the progress of human freedom.

In the familiar native word that best expresses one person's good will toward another, whether the occasion is a welcome or farewell, we salute both past and present with our sincere "Aloha, Hawaii!"

/THE END

The Barkentine FULLERTON sailed to Hawaii in 1902 with Union Oil's earliest shipments of fuel oil. Stripped of her masts, she was later towed there as a barge by our SS WHITTIER.

In 1959 a "76" transport rounds Oahu Island with gasoline for the town of Waimanalo. Our annual sales are 43,000,000 units.



Armchair mountain climbers

Mountain-climbing enthusiasm has reached new heights lately – mostly from a sitting-down position!

There may be a few rugged Alpinists, equipped with *pitons* and *crampons*, who still pull themselves up hand over hand and arrive on top gasping for oxygen. But grandma and her youngest granddaughter, and thousands of people between their ages, daily reach many of the West's most spectacular scenic elevations – calm as cucumbers. They simply sit in a cable-supported armchair and let petroleum do the puffing.

Chair-lifts were originally designed for skiers who found the exhausting climb on foot too much to pay for the exhilaration of sliding down.

But when summer came and ski-lift operators were about to close up for a long vacation, along came thousands of new patrons. They wanted to buy a ride up and a ride down and maybe a hot-dog to munch on as they eased along over forests and glaciers. Ski lifts, it turned out, were more fun and profitable off season than on.

Evidently Union Oilers are both good Alpinists and good salesmen. Because "Wherever you go" among western mountain peaks you'll really find a "76" pump working in some such location as a snowbank or pile of granite boulders. It's there to power the chair-lifts.

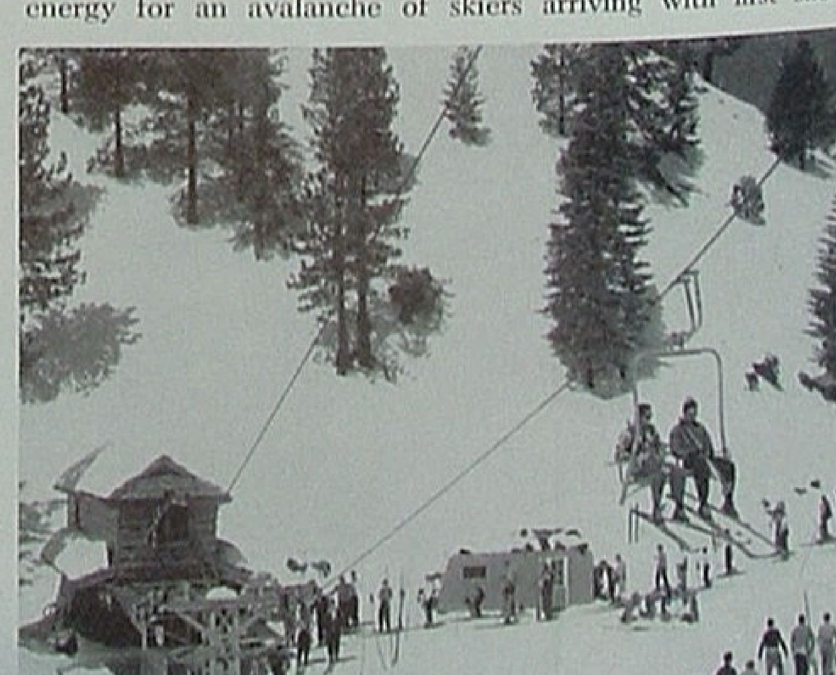
At Mt. Baker in the Pacific Northwest, 800 armchair mountain climbers an hour are lifted to 5,016-foot Panorama Dome. White Pass near Spokane is another scenic high-spot now visited by thousands, winter or summer. Anybody can drive to the 7,400-foot-level on Mt. Shasta, then climb 2,400 feet higher without lifting a toe. Snow Valley, Holiday Hill and Big Pines in the Big Bear area are visited by parka-clad skiers in winter, shirt-sleeved city deserters during July and August; so is Southern California's Mt. Baldy. Every climber is smoothly powered to the summit on "76" products.

We predict that one of these days Mt. Whitney in California will be conquered by half the people in the state. Maybe somebody will open a rest resort on top of Alaska's Mt. McKinley. Even Mt. Everest in the Himalayas may not be entirely secure – from armchair mountain climbers.

THE END

Clayton Stevens, driver for Consignees McCloy and Courtney of Ontario, fuels one of seven ski-lifts on Mt. Baldy.

The 30,000-gallon winter cache of Union Diesol will provide energy for an avalanche of skiers arriving with first snow.



Summer mountain climbers, far outnumbering the winter sportsmen, are keeping the chair-lifts in high gear. Said these two as they climbed the armchair trail, "Wonder what that big Union Oil truck is doing way up here?" From truck exhaust came an indignant reply.

REALITIES *of Our World Position*

Are we too blind, too smug, or simply unaware that the conditions determining our world leadership have changed?

by Peter F. Drucker

American public and business policies reflect some basic assumptions regarding our position in the world economy. With some oversimplification, these assumptions can be summarized in the following four statements:

1. *The domestic market is the most important market for the American economy; performance in it is a full measure of the performance both of American business and of the American economy.*

2. *American superiority in productivity and in technological and managerial knowledge is "normal."* [Some people might even say "God-given," I suspect.]

3. *The "dollar gap" is a permanent fixture of the international economy; foreign countries want as many American goods as they can get — and they want much more from us than we shall ever want from them.*

4. *Altogether, the world economy needs us more than we need it.*

These assumptions are widely considered — by laymen as well as businessmen, labor leaders, and Congressmen — to be self-evident truths, if not inexorable laws of nature. I believe, however, that in fact they not only are dangerously taken for granted but echo much of the complacency with which Edwardian England viewed its place in the world (to the sorrow of Britons ever since World War I). The assumptions are also at best half-truths — and rapidly becoming less true all the time.

Toward Realism

An almost opposite set of assumptions would, I submit, be far closer to the truth. Also, it would give us a better foundation for business and public policies and attitudes, and a more reliable yardstick by which to measure our true position in the international economy. Perhaps these new assumptions would be only three-quarter truths today, but they are likely to become full truths in a short time. Let me run through them briefly. (Once they are in mind, I can follow through with some specific facts and figures to support them.)

1. *The foreign (i.e., export and import) market is fast becoming the truly critical market for the American economy.*

Our ability to produce is now dependent on our ability to import a long list of industrial raw materials — materials we either do not produce at all or do not produce in quantities adequate to sustain our present industrial level. It may well be that a full half of jobs in our economy already depend in one way or another on our capacity to import. Ability to expand our economy beyond the present level will depend even more on our ability to import. It will require expanding imports much faster than production or sales. In fact, studies indicate that imports would have to grow at least twice as fast as production or sales, assuming *maximum* technological advances in the domestic production of materials now imported and the greatest possible substitution of new or improved domestic materials for imports.

The United States is rapidly becoming a "have-not" country — not because it is poor, but because it is rich. "Export or die" may never become our slogan, but "export or decline" is a proper one already. For there is only one way to maintain the ability to import, let alone to expand it: that is to maintain and expand the ability to export.

The foreign market, regardless of its size, is therefore already the crucial market for our economy. Performance in it will increasingly determine the ability of the American economy and of American business to prosper and grow.

2. *American leadership in productivity and in technological and managerial know-how is not "normal" but "abnormal."*

The leadership position of the United States in the world economy is a very recent one — barely 30 years old. It is primarily the result not of our strengths but of other people's weaknesses and misfortunes, such as the destruction caused by World War II in all other industrial countries. Our leadership is thus based on temporary factors, and they are disappearing rapidly.

Fortunately, there is a brighter side to this picture. The biggest challenge to our position comes from the resurgence of Western Europe and Japan. Without this resurgence the Free World could not have survived. Indeed, it is highly in our own interest that these developments continue, and that they rapidly spread beyond the "old" industrial countries of the Free World to other free nations — Brazil and India, for example.

All this means, of course, that we cannot take our leadership for granted. We must instead assume that other people have brains and use them — and that others can do just as well or better whatever we can do.

3. *Within a few short years — perhaps even less than a decade — the central problem of United States economic policy may well become earning enough foreign exchange to pay for imports (and to finance production of needed raw material imports in overseas plants).*

I suggest that the dollar gap may disappear quite quickly. It has been very largely the result of the weaknesses of other countries — which made them dependent on supplies from this country after World War II — and this situation is changing rapidly. At the same time, our import needs may very well grow a good deal faster than our export capacity. Finally, the resurgence of Western Europe has lessened the attraction of the dollar as a haven for "flight capital."

4. *Altogether, America's position in the world economy is both crucial and precarious.*

Increasingly, we will need the international economy more than it needs us. Our long heritage of self-sufficiency may make this hard for many people to believe, but it is no less true. And we will need the international economy to support not only our high standard of living but also our high requirements for national defense.

The Big Change

Though slow in taking stock of the changing situation just described, business groups everywhere have already felt its impact. Let us consider some of the specific facts and figures.

For example, we are rapidly losing the capacity to export farm commodities. Of the $4.5 billion of farm products we ship abroad in a good year, half or more are subsidized one way or another: sold against frozen "soft currencies," traded off as surpluses, shipped as relief payments or as part of foreign aid programs – all of which we would denounce as dumping if practiced by any other country. Even so, we will not, it seems likely, be able to sell cotton or tobacco abroad much longer. Our governmental policy has established a price umbrella under which new producers of these crops, especially in Africa, are coming in rapidly and are threatening to take over whatever world markets are still left.

Again, we are rapidly losing the South American market. After World War II, and right through the Korean War, we had almost a monopoly in this market. But look at what is happening now:

¶ In 1946 all of the 13,000 refrigerators and 1,000 washing machines sold in Brazil were imported from the United States. By 1956 Brazilian sales of these two appliances had risen to 150,000 and 40,000 respectively – but not a single refrigerator or a washing machine was imported from the United States!

¶ The developments in other Latin-American countries – and in other commodities – have followed pretty much the same pattern. South America still absorbs a full quarter of our exports. But local manufacturers are taking over in consumer goods, and foreign competitors –Western Europe and Japan today, perhaps the Soviet bloc tomorrow – are taking over in producer goods (including the materials and components to make refrigerators and washing machines).

There are equally convincing indications that our leadership position in productivity and in technological and managerial performance is beginning to slip:

¶ United States companies increasingly place research contracts in Western Europe; one large optical concern has even placed one in Japan.

¶ Despite our emphasis on "marketing," the best marketing job in the international economy is generally agreed to have been done not by an American company but by Phillips, the electronics manufacturer of Eindhoven, Netherlands.

¶ American publishers increasingly have books set and printed in Europe. It is not cheaper, but it is faster, and the quality is much more reliable.

¶ The manufacturers of nonelectric typewriters and of sewing machines have been caught napping; design and product leadership has largely slipped out of their fingers. Yet these two industries were created in this country. "Singer" was synonymous with sewing machines, and "Remington" or "L. C. Smith" with typewriters, in most of the world until a few years ago.

¶ One large company manufacturing office machines which for many years has sold American-designed machines and equipment abroad is now reorganizing its foreign subsidiaries so they can supply it in this country with technology, research, and product ideas originating overseas.

¶ We all know what foreign manufacturers have been doing in the automobile industry.

Finally, there is the reaction to the movement of gold from this country during 1958. By itself, the fact that we lost gold was meaningless. The amount was fairly small; the development was healthy and actually strengthened our ability to export. This fairly minor development has been widely interpreted throughout the world, however, as a sign of serious weakening of the dollar, if not as a sign that the dollar is in danger of becoming a "soft" currency. This is premature, to say the least. But it certainly shows both that other countries can now compete with us in attracting capital and that the dollar gap is no longer taken as a law of nature–that indeed the dollar is no longer accepted as automatically sovereign.

Becoming Competitive

We have a standard explanation for such disagreeable facts: foreign countries, we tend to say, have so much lower wage costs that we cannot compete. Today, in particular, we hear a good deal of talk about "wage-push inflation" pricing us out of the world markets. But this too is a half-truth – and a lazy man's half-truth at that.

Differentials between American wage *rates* and wage rates elsewhere are nothing new. Yet traditionally our wage *costs* per unit produced have been lower than foreign wage costs, not higher. To be sure, there have always been exceptions, especially in industries where there is no scope for substantial investment of capital or of knowledge per worker (garment making, for example) and in the field of personal services. But wherever technology, complexity, or size has permitted the investment of substantial capital or knowledge (and this means not only most of our manufacturing and extractive industries but also most of our agriculture) our wage costs have traditionally been fully competitive.

Wage rates in this country have indeed risen sharply–too sharply, I would agree. But the differential between our wage rates and those of our friends and competitors in the Free World has not widened, on the whole. Moreover, the scope for the investment of capi-

Continued

tal or knowledge has been expanding rapidly. One example is coal mining, where 20 years ago we were a high-cost producer despite low wages and favorable geology, and where today we are the Free World's lowest-cost producer in spite of having the sharpest rise in wage rates.

We are indeed in danger of pricing ourselves out of the world markets, but the explanation is a more fundamental one than the "wage-push inflation." It is simply this: our position in the world economy is becoming so important to our prosperity and growth, and at the same time is becoming so precarious, that we no longer can afford anything that impedes the full productivity of our resources of people, technology, equipment, and knowledge. What is more, anything—whether in public policy, labor relations, or business practices—that tends to weaken our capacity to compete in the international economy should be considered a threat to our prosperity and security.

Public Policies

Where we have erred, I think, is in our failure to consider "ability to compete internationally" a major criterion in labor contracts and equal in importance to "ability to pay." We have tolerated mushrooming restrictive practices, such as featherbedding, lax or low standards, restrictions on the training or mobility of people, and so on. If we want our high wage rates to remain a source of productivity—indeed, if we want to maintain them—all restrictive practices must be treated as attacks on the welfare of the country. John L. Lewis has demonstrated in the coal mining industry that such an approach is compatible with militant unionism, but it might well demand federal legislation and policing by the government to become generally effective.

Public policy, too, may be a real threat to our capacity to compete. This applies particularly to policies that push up the prices of American goods or services. I am not arguing for or against protection; I am suggesting that wherever we feel that an American economic interest has to be protected or supported, we should replace price supports by other means, such as direct income subsidies. Price supports—as our farm policy shows only too clearly—are nothing but subsidies to our competitors.

Similarly, we can no longer afford fiscal policies that discourage replacement and modernization of equipment —policies such as the tax treatment of depreciation provisions. This is particularly important as we become the old-equipment country in comparison with such newly equipped industrial competitors as Germany and Japan.

Management Opportunities

What about policies for which management itself is solely responsible? Here, too, I think there are numerous opportunities for improvement. Take finance, for example. We lack the machinery to finance our exports and our foreign investments adequately. Indeed, we are woefully backward compared to such competitors as Japan, Germany, and Britain. Worse still, American business increasingly relies on governmental help (on the Export-Import Bank, for example) for a job which, in a free economy, private enterprise ought to discharge.

Another great opportunity is in production, especially in industries producing heavy equipment. For instance, the makers of power-generating equipment have suffered a significant weakening in their capacity to compete. One reason may be that they tend to produce by job-shop methods quantities that can be made economically only on mass-production principles. This invariably means getting the costs and disadvantages of both systems and the advantages of neither.

Perhaps the most important challenge to our competitive position lies in the area of the management of people and the utilization of knowledge. The basic facts about the American economy today are that well over half of our work population is not engaged in direct production but works in distribution, services, and clerical, professional, and managerial jobs, and that over half of the work population consists of people with a relatively high degree of education (high school or better). In terms of costs these people are even more important than their numbers imply, for they get paid more and stay on the payroll more steadily through short-term economic recessions. To illustrate:

¶ In one of the major automobile companies hourly paid production workers account for 67% of the total personnel at normal employment (the figure was well over 80% ten years ago). But these workers account for only 47½% of the total bill for personnel costs. More than half the bill goes for the very much smaller number of people who work with their minds rather than their hands.

Our capacity to compete must therefore depend ultimately on our ability to obtain high productivity from people in distribution, services, and professional work. But does anyone believe that productivity in these fields has risen significantly, let alone as fast as wages? Or that we yet know how to use knowledge as the central resource of our economy and of our business enterprises?

Conclusion

The situation is a demanding one. We have to accept the fact that leadership is not ours by right but must be earned. We have to accept the fact that we are going to be increasingly dependent on the international economy, while the international economy is likely to be less dependent on us. Above all, we must make the maintaining and strengthening of our capacity to compete a central objective of national and business policy — an objective as important as the goal of economic expansion and growth, and more important than the goal of full employment. Indeed, both economic growth and full employment will increasingly depend on success in competing in the international economy.

Reprinted through courtesy of HARVARD BUSINESS REVIEW

/THE END

Borrowing one of the publicity stunts for which Hollywood is famous, Dealer Chedo Chuckovich uses a dramatic photo enlargement to attract business. It does!

fast draw at "76" corral

Photos by Russ Halford

Nothing succeeds like success. Hearing of the Minute Man's fame, Art Linkletter, left, invites Chedo as TV guest.

CHEDO CHUCKOVICH, manager of a "76" service station at Pacific Palisades, California, liked the accompanying two-gun picture of himself so well that he had a huge enlargement made to hang in the service station window. He autographed the photo as "Gunsmoke" Chuckovich.

Besides winning a self-imposed new nickname, "Gunsmoke" found himself elevated to stardom. Young children gazed in admiration at the portrait, then began singling out the Minute Man who posed for it. They asked for autographed copies, so "Gunsmoke" is having 'em made – postcard size.

Even adults were impressed. "You look like you mean business," many of them said and handed over their car servicing needs. Quite a few new customers confessed to coming in because their friends had told them about the two-gun highwayman.

"Gunsmoke" kinda got a hankerin' to shoot some pictures himself. Now every youngster whose parents make a purchase gets shot – free prints next time in.

Hearing of Chedo's fame, TV's Art Linkletter asked the Minute Man to come in on "People are Funny." You'll probably see the show in October.

"Gunsmoke" modestly admits, "All that I am I owe to a pair of fast guns – and my photographer."

/THE END

Business Highlights of the Month

EXPLORATION *New Alaska Division.*

An Alaska Division has been established to coordinate and expedite exploratory activities in this area. The drilling of our joint-interest wildcat on the Kenai Peninsula also presented problems that should be resolved locally without the necessity of contacting personnel in Home Office. Thus Alaska becomes our eighth operating division, the others being Pacific Coast, Gulf, West Texas, Rocky Mountain, Canada, Oklahoma, and Foreign Operations.

C. E. Smith was named manager of operations; Harold Lian, division geologist; and W. E. Thompson, division landman. Other personnel permanently assigned to the Division are Lummie C. Lovely, geologist; Joe Dockwiller, scout; and Duncan B. Robinson, geophysicist.

In addition to exploratory drilling, the Company has a small participating interest in development operations on Swanson River Unit, where the discovery well was completed in the fall of 1957.

Three contract geophysical crews are also working in prospective areas, and two geological parties from Special Exploration, Los Angeles, under direction of Dr. John C. Hazzard, currently are engaged in surface reconnaissance, summer months being the only time when field work is possible in this north latitude.

Union holds jointly with Ohio Oil Company several large blocks of acreage under option and lease, comprising an area of about 10,000 square miles, or over twice the size of Los Angeles County.

from Sam Grinsfelder

PRODUCTION *Vacations for oil wells!*

Shutting in an oil field used to be considered a very risky business because of the danger of water encroachment, with consequent damage to future productivity of the wells. Nowadays, with modern production methods, using a variety of secondary recovery techniques, we very often find that the productivity of the wells is actually improved during the shut-in period.

Some interesting examples of better performance by oil wells after being shut down are becoming evident as we restore our wells in California to full production:

Continuation of the pressure maintenance program by gas injection, during the 18 months that Torrey Canyon Field was shut down, has resulted in increasing the reservoir pressure and has restored gas energy to the formation oil. Wells that had to be pumped prior to the shut-in period are now being returned to production as flowing wells. As an example, Torrey No. 100, which was previously pumped at a rate of 89 barrels per day, is now flowing at a rate of 160 barrels per day, through a restricted choke. The consequent release of expensive deep-well pumping equipment for use in other fields is an important factor in reducing production costs.

The Lompoc Field has been shut-in for a similar period, during which a controlled gas injection program was continued. Formation pressures were increased and the shut-in period has effected a readjustment of the oil-water contact. As a result, wells that produced with a high water-cut prior to the shut-in are now producing with a much lower water-cut. Similar improvements have been noted in the Sansinena Field.

from Dudley Tower

MANUFACTURING *First asphalt barge to Anchorage.*

Edmonds Refinery on Puget Sound highlighted their July operations by making the initial bulk shipment of asphalt to Alaska. Several grades of asphalt were included in the shipment, made by barge to our new marketing facility at Anchorage.

A crude oil, new to Oleum, was processed in July. It comes from Venezuela, South America, is called Centro Lago, and is very similar to the light oil obtained from San Joaquin Valley in California.

The production of wax and grease to date this year shows an increase of 10% and 15% respectively compared with the same period of 1958. Oleum Refinery resumed production on July 30 of lubricating oils and Aristowaxes after the annual shutdown for maintenance and inventory control.

from J. W. Towler

TRANSPORTATION & SUPPLY *Imports up.*

The Company's oil import allocation for the six-month period ending December 31 of this year is 25,320 barrels daily. Because the allocation exceeds delivery capacity of three Barracuda supertankers operating in our service, we have obtained additional single-voyage charters. A large surplus of tankers available for spot charters is currently resulting in extremely low rates.

Effective July 1, accounting functions formerly performed at the two Automotive Division headquarters were transferred to Production and Transportation Accounts in Home Office. This change was made possible by the institution of new machine accounting procedures.

The large addition of our crude oil gathering system in recent years—a 6-inch gathering line, 4½ miles in length—has been completed, connecting Gosford Field with our Paloma line.

The Company's Sacramento and Oakland offices have been equipped for direct dialing on our private telephone system. This leaves only three major California offices—Orcutt, Bakersfield and San Luis Obispo—with manual switchboards. Full conversion to system-wide dial operation is planned for mid-1960.

from E. L. Hiatt

PURCHASING *Streamlining the purse strings.*

As of July 1, 1959, major changes were made in the format of various Purchasing Department forms, including requisitions, blanket order release forms, and purchase orders.

The changes were made after several months' study of efficiency and expense in the handling and payment of invoices, distribution of costs, and preparation of necessary records. The system now inaugurated will streamline these procedures at a considerable saving to the Company.

The forms were carefully designed to provide standardization, conciseness, ease of preparation, continuity of required information, improvements in follow-through, accounting distribution, and record keeping.

from C. S. Perkins

RESEARCH *Unifining for the lamps of China.*

Negotiations have been completed with the Chinese Petroleum Corporation, an agency of the Chinese Nationalist government, for their licensing of the Unifining process. Our licensee plans to operate two Unifining plants, one for the treatment of 2,000 barrels per day of kerosene and gas oil, and a second unit for the pretreatment of 3,500 barrels per day of naphtha, prior to a further refining step, catalytic reforming. Both units will be located on the island of Taiwan, previously known as Formosa.

At present, Union has active licensing agreements in 22 foreign countries.

from Fred L. Hartley

MARKETING *World-wide bunkering service.*

Reciprocal ships' bunkering arrangements have been concluded between Union Oil, Gulf Oil, British American Oil and Maruzen Oil, under which our Company may now offer its contracted marine accounts world-wide fuel bunkering service. We in turn will supply fuels at our West Coast ports to marine customers of the cooperating oil companies.

A recent visit of Managing Director Al Aslan of Pasand Company to our Home Office presages a significant increase in the sale of our lubricants in his native land of Iran.

Contracts totaling $16,325,000 have been awarded for the construction of Intercontinental Ballistic Missile launching facilities in the Spokane area. Aggressive solicitation by Union Oil people has already persuaded eight of the twelve prime contractors to use Company products exclusively. Negotiations with the others are proceeding.

Permanente Cement Company, Permanente, California, have awarded Union Oil their domestic diesel and heavy-duty motor oil requirements for the fiscal year beginning July 1.

Purchase of property for a new marketing station at Idaho Falls, Idaho, is being taken as the first step toward establishing a full-line marketing operation in that growing area.

The SS NENANA, newly acquired by the Alaska Steamship Corporation for use between Pacific Coast ports and Alaska, will use Union Oil lubricants exclusively—a testimonial to the products as well as the pleasant relationship that has long existed between the two companies.

A new sales stimulation program known as the "Stetson Derby" was inaugurated July 1. Consignees who score a minimum 10% increase in total units for each of three successive months will be awarded a Stetson hat of their selection. The consignee in each Division who has the greatest cumulative percentage of increase at the finish will receive a $100 Hart, Schaffner & Marx suit. Side bets will undoubtedly fill the pockets of the suit with plenty of "pin" money.

A group-life-insurance program offered to consignees and their employees by Pacific Mutual Life Insurance Company has been very well received. Approximately 800 eligibles elected to participate, exceeding by a substantial margin the minimum requirement specified by the insurance company.

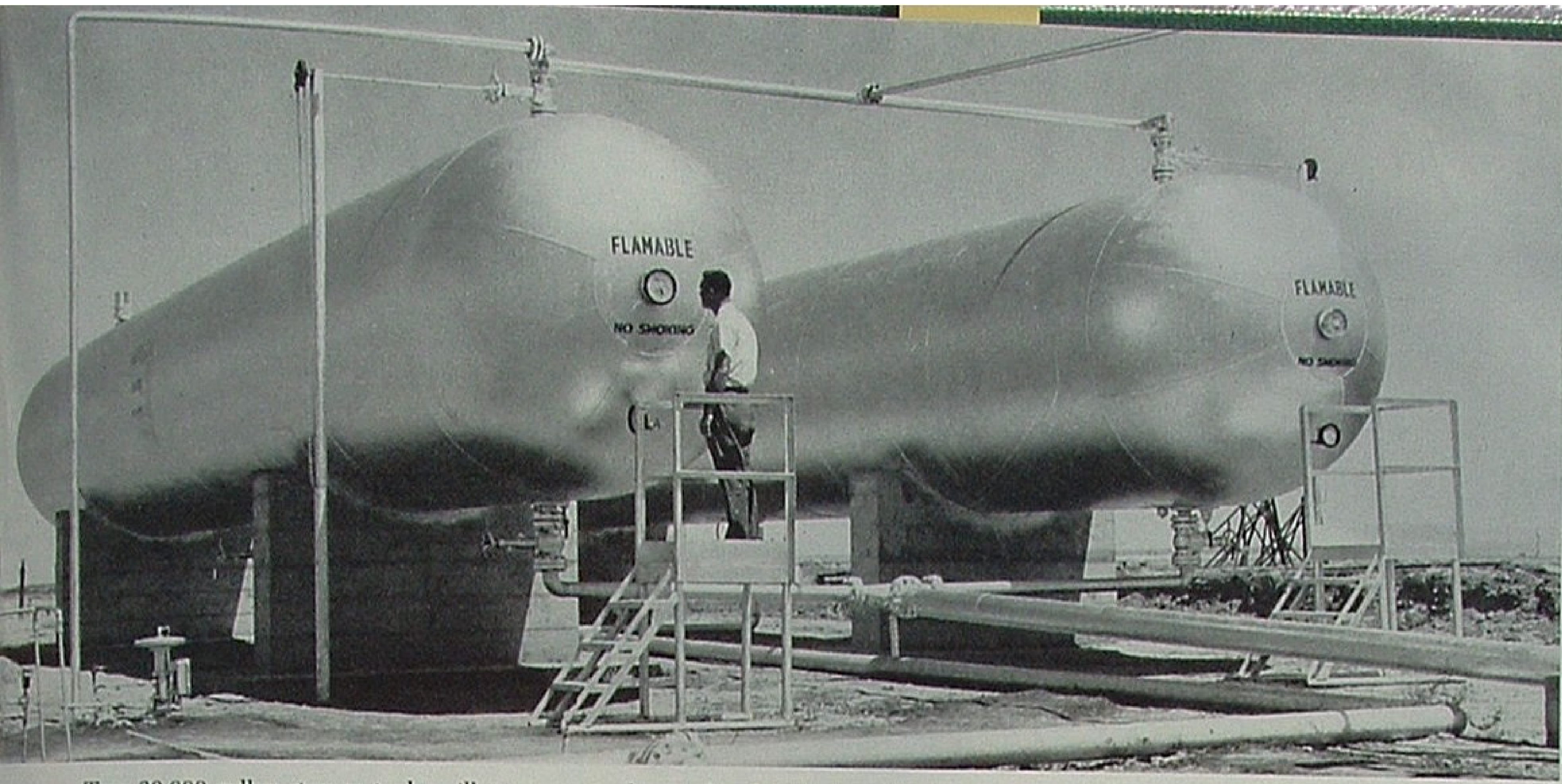
from Roy Linden

FRANK J. KERTH, division representative of Anchorage, Alaska, receives the Key Award from Division Manager G. S. Smith, left. Frank landed the "key" account of Babler and Rogers to annex over 350,000 units of new business annually.

from J. W. White

Miscible flooding at Polvadero

Operator Steve Hoag at Polvadero Field is reversing the usual process; he's receiving two loads of LPG for delivery to the oil field.



Two 30,000-gallon storage tanks will assure a steady supply of LPG throughout injection period. Foreman Don Craggs reads tank gauge.

"To get more petroleum out of the ground, you pump petroleum into the ground."

There's an idea that might make your psychiatrist sit up and take notice. But we're doing it—in the Polvadero Field of Fresno County, near Coalinga, California. And we don't expect to end up in a sanitarium.

Reservoir engineers who have given this field a lot of study know there is a great deal more oil down in the reservoir than has been produced. The problem is how to get it out.

In some oil formations much of the liquid or gas you pump underground migrates off in a stream and is lost forever. But Polvadero, we believe, is different. It appears to be a closed structure—a porous oil formation within an impervious (liquid tight or gas tight) envelope of rock. By injecting light petroleum liquids and gas into portions of the formation, there is a good chance that these will mix with the heavier crude and stimulate its migration toward producing wells. Both the hunter and its quarry will then be recovered.

Initially, 750,000 barrels of LPG (liquefied petroleum gas) is being pumped underground. This will be followed by injection of 15½ million MCF (thousand cubic feet) of gas over an eight-to-nine year period. The project, called miscible flooding because the injected product mixes with reservoir oil and gas, is expected to greatly increase the recoverable assets of this field.

/THE END

Three gas-engine driven pumps have the capacity to inject 200,000 gallons per day of liquid propane at pressures of 3,300 pounds per square inch. Theoretically, the propane will eventually return to Union Oil's fold—with a few extra lost sheep!

The most comfortable method yet devised for washing a car is here demonstrated by citizens of Phoenix, Arizona; they let Compton's do it.

The finest in Phoenix in five

Besides an open patio, the 1,100-car-per-day unit offers an air-conditioned waiting room and Minute Man pump island services.

Gone are the days when lack of time was an excuse for not keeping the car washed. In "assembly line" operations all over America are five-minute car washes that do exactly as the signs advertise—wash a car to your complete satisfaction in five minutes.

Probably topping them all in excellence of plant and service is Compton's Car Wash in Phoenix, Arizona:

The customer drives his car into one of several lanes under the station's entrance canopy. Here it is swiftly vacuumed and dusted on the inside while an attendant links it to the assembly-line tow. With steam jets, two men clean dirt from under the fenders, stains from white-sidewall tires, bugs from the grill and radiator. Using clear water and long brushes, another pair scrubs dust and road film from all exterior surfaces. Rinsing is handled by automatic sprays. Finally a crew of six dries the car, polishes all glass inside and out.

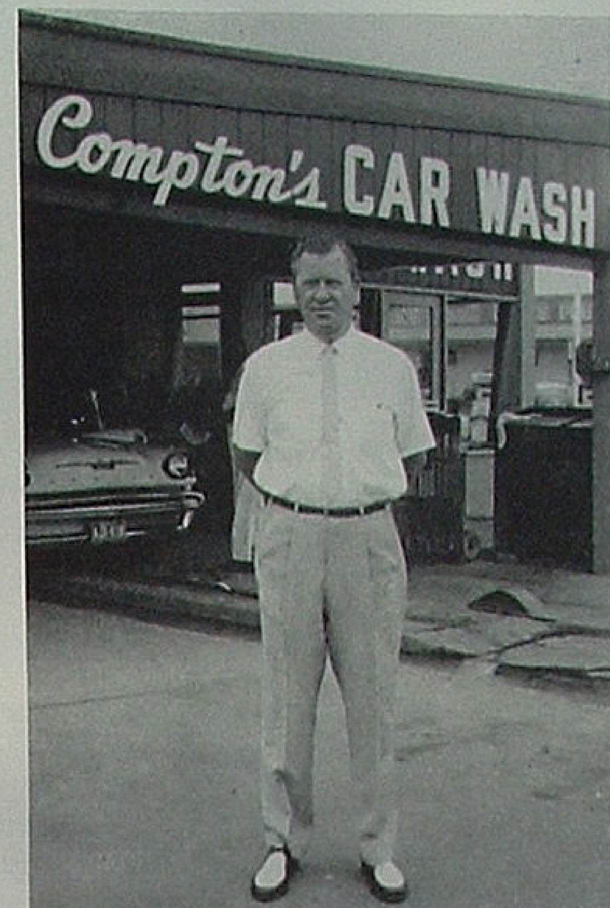
Meanwhile the customer has either watched the performance from a deluxe patio or sauntered into an air-conditioned waiting room to have his shoes shined—free of charge.

Cost of the entire service is $1.75—or only $1 if the customer buys 10 gallons or more of Union's gasoline.

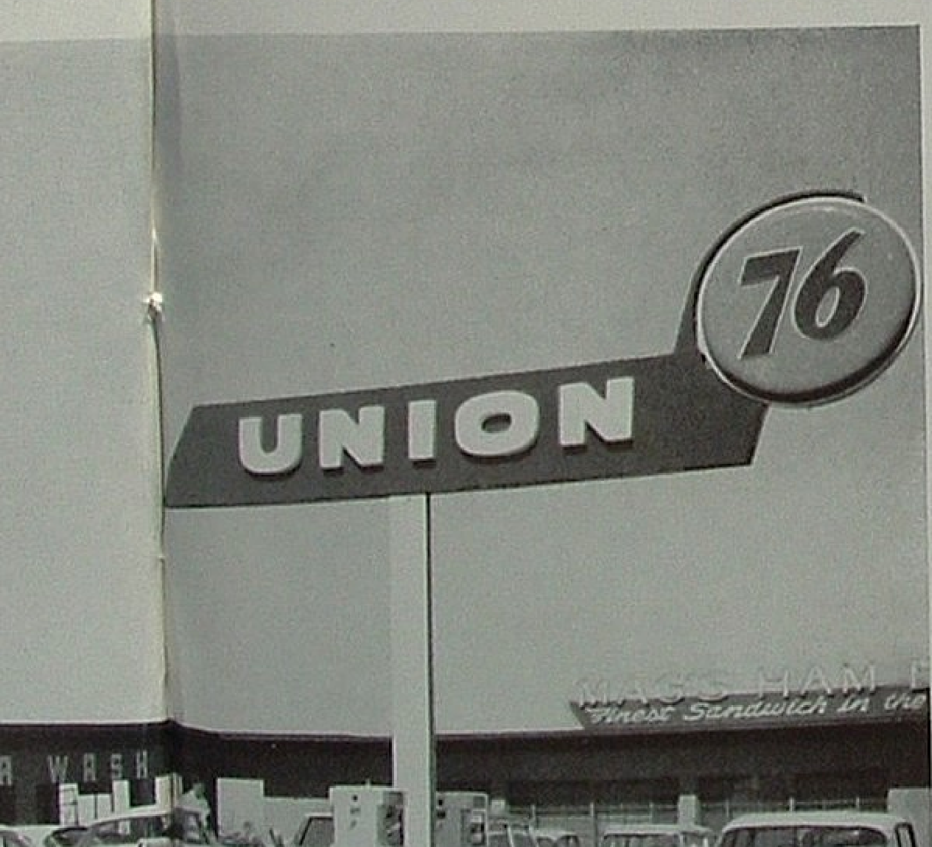
During their regular hours from 9 a.m. to 5:30 p.m., Compton's is geared to wash 1,100 cars a day. Over half buy gasoline with the wash job, accounting for sales exceeding 60,000 gallons a month.

The finest of everything takes only five minutes!

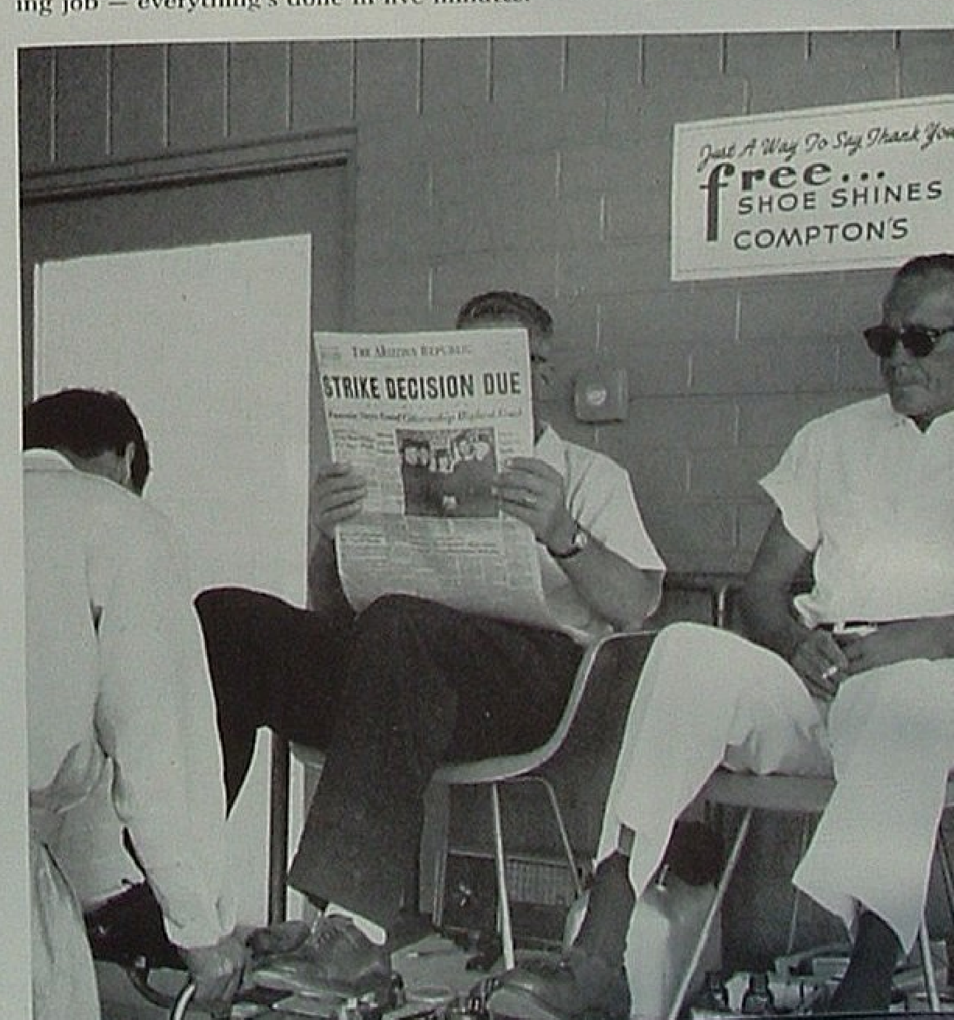
/THE END

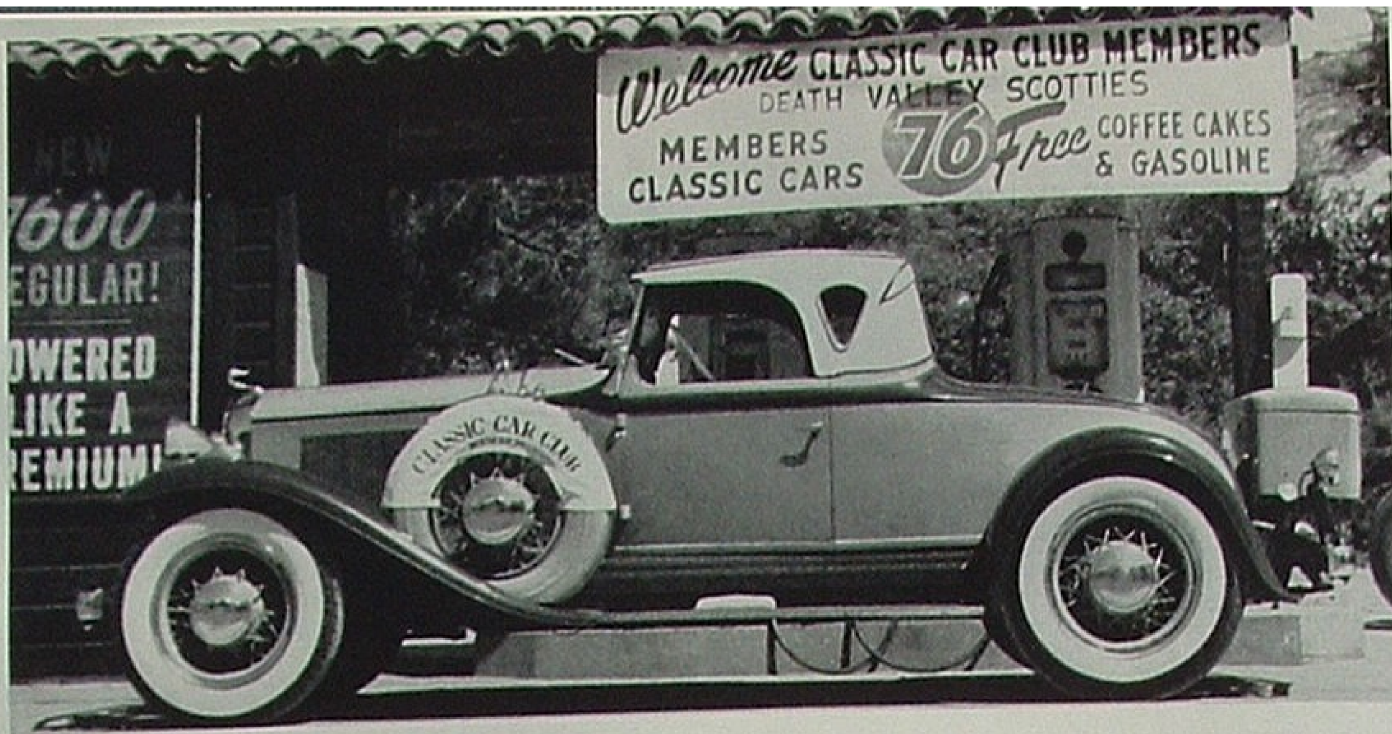


Wayne Compton, above, is the capitalist who has made it unprofitable for "even us poor Texans" to wash our own Cadillacs — at least in Phoenix.



Customers' shoes are regarded as part of the cleaning and polishing job — everything's done in five minutes.





"CLASSICS"

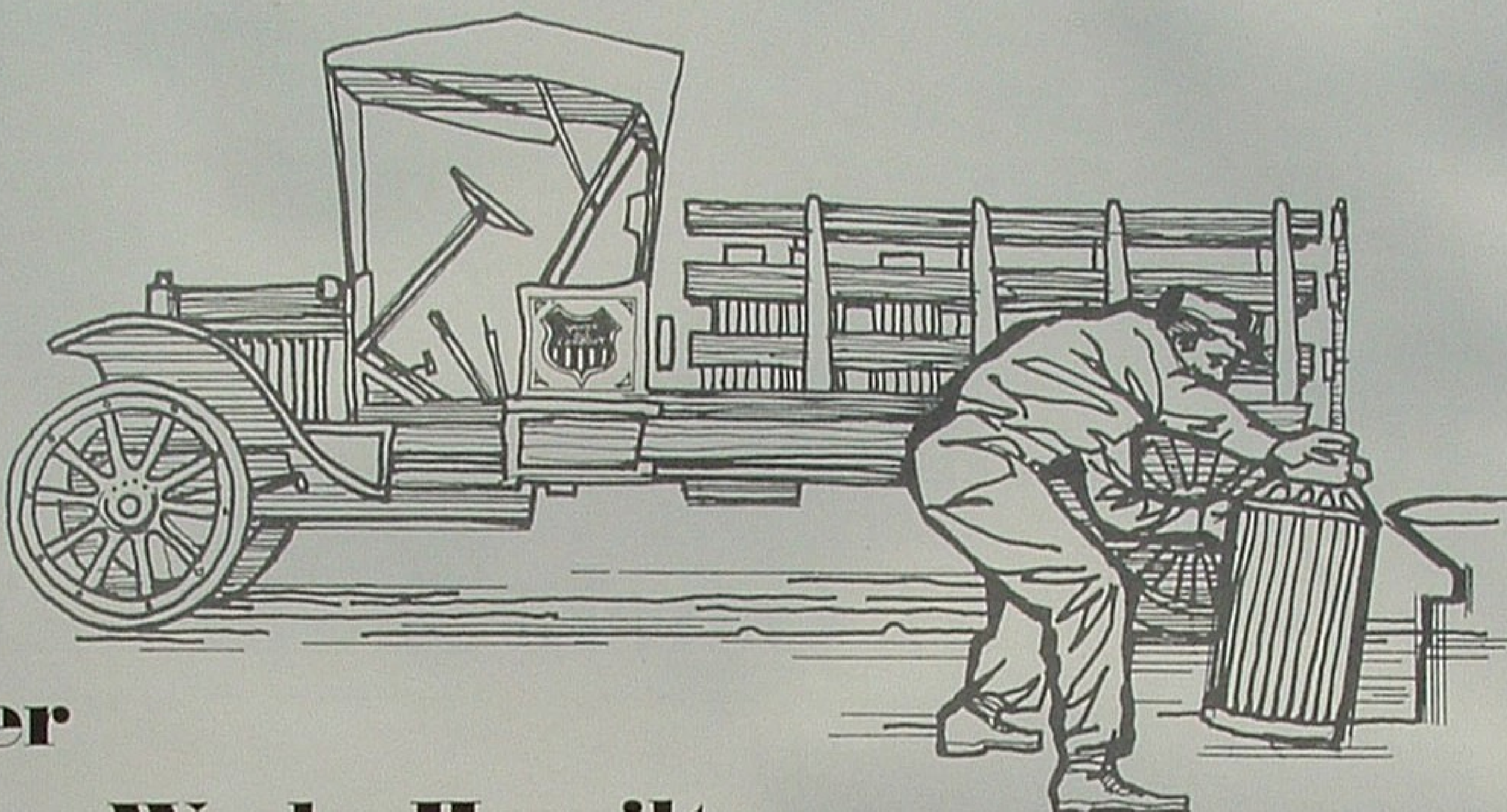
take Death Valley in stride

The Classic Car Club, whose members keep their classic autos of yesteryear groomed to perfection, chose "Scottie's" Castle in Death Valley for a recent desert outing. Their cars, dating back to the roaring '20's, easily maintained the modern pace and withstood all the rigors of desert travel.

Our "76" service station, operated by the Revert brothers, extended the visitors a special welcome to the Castle. Free coffee and cakes for the passengers were topped off with free Union gasoline for every "Classic" car in the desert parade.

/THE END

Union Oiler C. S. Palmer, right, of Las Vegas helped in welcoming the guests to Scottie's Castle. The shiny old "Classics" revived memories of 20 or 30 years ago.



Letter from Wade Hamilton

June 8, 1959

President of Union Oil Company
Los Angeles, California
Dear Sir:

Regarding the severance tax now before our legislators in Sacramento: Jesse Unruh of Los Angeles is quoted in the Sacramento Union Sunday as saying, "For the next two years, this legislature will have the black mark of the oil industry on it" and "this house has never had any guts when it came to bucking the oil industry."

To me this implies that the "oil industry" is bad and that anything and everything done in Sacramento for it is also bad.

I don't buy this line of thought, but there are obviously many who do, or else men like Unruh wouldn't be elected to office.

My purpose in writing this letter is to point out that the "oil industry" will in all likelihood let this man's statements and opinions go unchallenged and, as a result, get a black mark, whether they deserve it or not, in the mind of the voting public.

When I was a boy, the first service station in my home town of Pullman, Washington was opened by a man named Harry Oman. He had a corner location at Main and Grand Streets. His pump was on the sidewalk at curbside, and I can remember stopping to watch when the truck came to fill his tank. The gasoline was loaded in cans on a truck, and the driver muscled them off the truck unassisted, dumping them one by one into the funnel at the tank top.

Compare this to one Sunday morning a few years back when I drove into Joe's (surname deleted by editor) Union Station in (deleted), California. The time was about 15 minutes to 10 a.m. Joe was complaining that he was about out of gas. "I called them about an hour ago," he told me. "They're supposed to get here by 10 o'clock but they're not here yet." He was still fuming at three minutes to 10 when the big tanker from Oleum drove up to fill his tanks. The driver of that rig didn't unload by the canful, he made the connections and then stood around and admired the fine Sunday morning. Joe was not impressed by the prompt service, nor the amount of gasoline one man had been able to bring from Oleum, 50 miles away.

Although Joe was in business for himself and gave service at least as good as the best in town, he gave the "oil industry" no credit for what would have been a miracle to Harry Oman. Thousands of gallons of gasoline on an hour's notice!

I have no financial interest in any company but my own, and have no wish but to urge you to present, in your advertising and to all your employees, an accurate picture that they will help to spread to the minds of voters: Business is the life of the community, the state, and the nation!

I feel that "business and industry" is faced with a greater problem than Communism abroad when it does not defend and explain itself at home. This to me means that each and every "black mark" statement and insinuation by politicians and labor leaders should be run down and refuted, or else acknowledged and corrected.

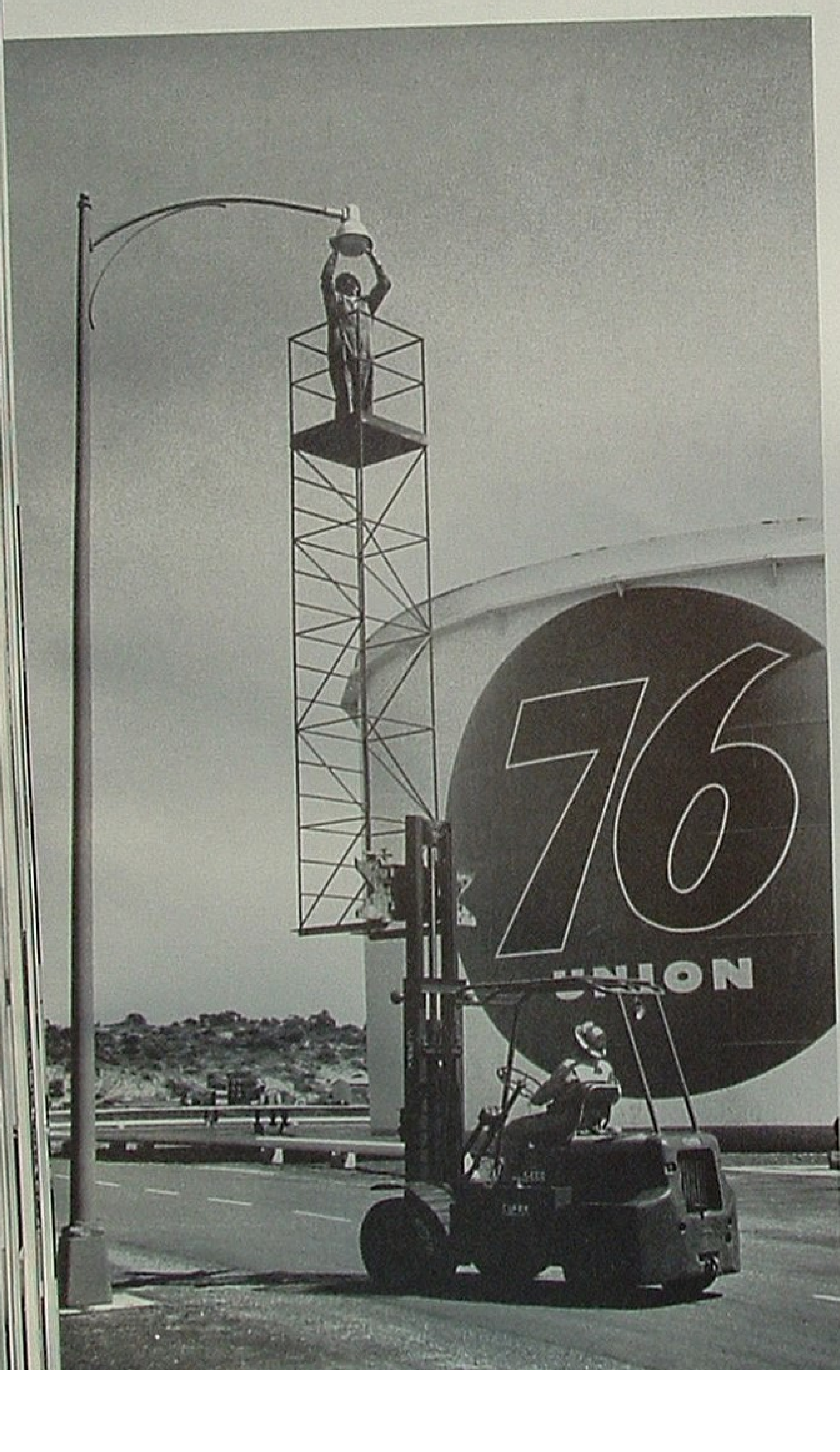
The public is not unsympathetic to any cause if they are enlightened, but to date American business has chosen to plead *nolo contendere* to its accusers.

Yours truly,
(Signed) **Wade Hamilton**
Wade Hamilton Mfg.
Dixon, California

Refinery etiquette or

How to hold a fork-lift truck

John Christian and Ray Jensen of the Maintenance Department, Santa Maria Refinery, "got to thinking" . . . .



THOSE GRACEFUL street lamps at our Santa Maria Refinery presented no problem until one of them burned out. Then the men in charge of maintenance found they didn't have a ladder tall enough to reach 32 feet off the ground or a native boy agile enough to shinny up the pole. They finally had to requisition a crane.

One day, after a particularly good weekend of fishing, John Christian and Ray Jensen of Maintenance got to thinking: "If only we had a crane of our own to change those light globes. It'd save us a lot of waiting for the crane—save the Company a lot of money. Why not make one?"

Their invention is a masterpiece of good old-fashioned common sense. With about $50 worth of steel rod and a welding torch, they fashioned a 15-foot-high scaffolding, equipped with ladder rungs on one side and a safety railing around the top. Then calling for the refinery's fork-lift truck, they devised a way of securing scaffolding to the two forks.

The rest was easy. Now two men with the contraption can reach any installation in the refinery up to 35 feet. The saving in light maintenance alone amounts to over $500 a year; and to this has been added a dozen other uses for a fork-lift with a 15-foot boom.

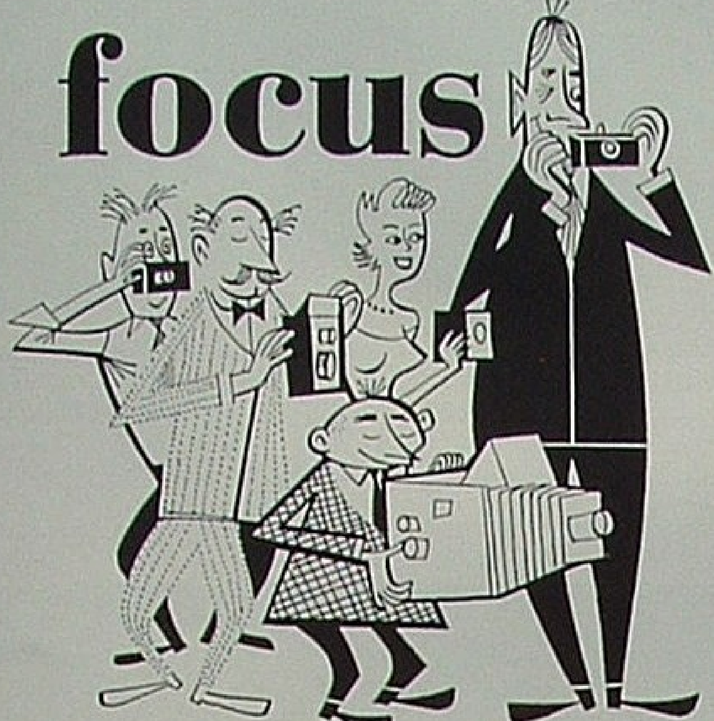
One good idea often leads to another. The Santa Maria inventors decided it was too much work to turn buckets of Firefoam powder upside down periodically, one at a time, in order to keep the powder from crusting. So they bound a flock of buckets together between pallets and trained their fork-lift truck to turn a whole pallet-load with one maneuver.

For other up-to-date mannerisms in holding your "fork," contact Maintenance at Santa Maria.

/THE END

As a result, you see two men repairing a light with the aid of a fork-lift truck—at quite a saving to the plant.

in focus



SOUTHERN DIVISION AUTOMOTIVE EMPLOYEES have been commended by the National Safety Council for completing one million manhours without a lost-time injury. First to see the citation were, from left, Superintendent L. A. Billington, Foremen F. C. Smith, E. Downs, E. A. Mier and D. B. Newton.

from Bob Thompson

LETTER RE DEALER AL SCHEPP (below)

"The attached delivery ticket ($1.75) covers a grease job at Al Schepp's Union Service here in Coeur d'Alene, Idaho.

"In addition to an excellent grease job, the service included transportation in Al's car from the station to my office . . . delivery of the car to me at 5 p.m. . . . installation of new license plates . . . tightening of two shock absorbers . . . a good cleaning of car interior and floor mats . . . and other little extras.

"It's refreshing to find this all-out type of service and courtesy. Incidentally I'm not the exception, as I first took my car to Al's station upon the recommendation of others.

"I think you have an outstanding representative in Al Schepp."

***(signed)* John Theriault**

SPIRITED RIVALRY has erupted in our Latin American Field operations. Guatemala Office claims unmatched beauty and efficiency in a brunette staff that includes, from left, Vivion I. Zirion, Ruth Arana, Maria A. Puente and Marta S. Cordova. Buenos Aires makes similar claims with (below) Tete Arana, Bibiana de la Torre, Dora Rodrigo and Marisa de Abalos. Our decision: A pretty fair fight!

from Fritz Skinner

BOB TABER, left, son of Dealer Emil Taber at Missoula, Montana, is being awarded a 76 Sports Plaque by Retail Rep. Jack Epley. In 1958 Bob won 17 feature races, 12 trophy dashes, and was Hot Rod High-Point Champion for the state of Montana. He is also leading the state in total points for 1959. His championship car uses "76" products exclusively.

from R. G. Chandler

"CIRCLE OF SAFETY" supported annually by the San Francisco Chamber of Commerce, is an inspection campaign aimed to reduce traffic accidents through rigid vehicle maintenance. Of 45 Union Oil vehicles operating in the area, only one was found in need of attention; it was being repaired when the check was made. In the photo from left, Captain Bill Moody of S. F. Police, Driver Sam San Filippo, President Ivan Larsen of National Safety Council, Resident Manager J. N. Kelley, and Potrero Plant Superintendent S. A. Howes beam complete satisfaction with Union Oil Fleet.

from J. W. Chapman

DISTRIBUTOR K. KUBOYAMA, 2nd from left, of Kauai Island, Hawaii, was promised a vacation on the "big island" (U.S.A) if he could increase his monthly sales volume to 100,000 units. He did. Others enjoying the vacation with him at the Flamingo in Las Vegas are, from left, Host "Red" Palmer, Mrs. Palmer, Mr. Kuboyama's daughter-in-law Marcy and his son "Lucky."

DEALER STANLEY LASZEWSKI of Los Angeles sponsored, from left, D. Bellomy, Carol Berger, Hazel Woodall, Honey Mendel and Sue Jordan to win the Valleyette's Scratch Championship at Alhambra Bowling Center.

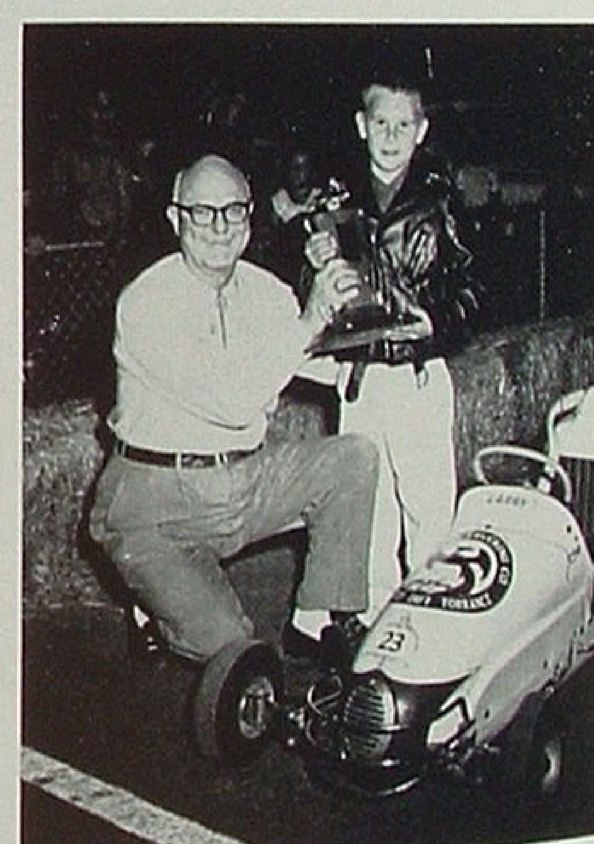
from Clay Warnock

DON RAMSTEAD, left, transport driver at Rosecrans Terminal, coached this grade-school baseball team to the 1959 championship in Los Angeles Archdiocese. With 13 wins and one loss, these boys proved themselves the best of 132 teams. Don's daughter played 2nd base on a team that won the CYO championship for girls.

from Bob Creek

DRIVER FRED HEINRICKS, sponsored by Dealer Charlie Spears, right, of Tucson, Arizona, was runner-up in the Soapbox Derby finals conducted by The Tucson Citizen, the city's newspaper.

from M. G. Ekberg



LARRY HOFF, son of a loyal Union Oil customer, is seen receiving the Good Sportsman's Trophy from Union Oiler C. A. Goughnour at Bakersfield. Larry was voted the award by other contestants of the Kern County Quarter Midget Racing Association. He also won two trophy dashes the night of this presentation.

from H. W. Bragg

DEALER PHIL SCHNEIDER annually presents awards to the top scholar-athletes of six schools in Arizona's Roosevelt School District. Here are the 1959 award winners and the man who urges them to do every job to the best of their ability.

from Carl Swanson

RETIREMENTS

August 1, 1959	Service Date
BEN F. BRESSLER *Southern Division Automotive*	*June 19, 1932*
DAVID A. FAULKNER *Orcutt Refinery*	*April 1, 1946*
HENRY H. HART *Property Administration*	*May 18, 1921*
RALPH V. MARTIN *Direct Sales—Oakland*	*June 16, 1930*
HARRY H. WAGNER *Los Angeles Refinery*	*December 29, 1943*
ELMER WEHNAU *Southern Division Automotive*	*March 7, 1933*
JOHN U. WITT *Retail Marketing—Home Office*	*April 4, 1923*

IN MEMORIAM

Employees:

PALMER S. NELSON *Northern Division Pipeline*	*June 21, 1959*
ERNEST K. WALKER, SR. *Exploration—Home Office*	*July 9, 1959*

Retirees:

HOMER FRANKLIN KUNZ *Marketing Department*	*June 2, 1959*
JAMES G. FORREST *Field—Home Office*	*June 9, 1959*
JOHN A. VAUGHN *Southern Division Field*	*June 24, 1959*

"PERC" WESTON, whose 40 years on "marketing row" for Union Oil have made him a legend in the oil business, retired June 1. His most recent assignment was consignee at Hayward, California. Well-wishers, including, from left, Sid Herkner, John Fisher and J. W. Miller, presented him with a walnut plaque containing a metal plate. The latter was salvaged from an old Union Oil barn on the Hayward property and bore the name "Nell." Nell, allegedly, was a talking mare who, soon after the young "fireball" salesman came to work, said, "What d'ya think I am, a horse? Go hire yerself a truck." The stories salesmen tell!

from M. E. Lamborn

SERVICE BIRTHDAY AWARDS

EMPLOYEES

August 1959

40 YEARS

CLARENCE M. BARNDS............Southern Division Field

35 YEARS

LOUIS L. COSTA............Oleum Refinery
HAROLD M. FOSTER............Northern Division Field
ERNEST S. KIRBY............Southern Division Pipeline

30 YEARS

NELSON G. ALLISON............Research Department
THOMAS J. BENNETT............Los Angeles Refinery
ELLIS L. CHARLESWORTH............Oleum Refinery
ROBERT L. COOPER............Oleum Refinery
JAMES H. DUNN............Los Angeles Refinery
WILLIAM H. GOLAY............Los Angeles Refinery
JOSEPH HUMM............Oleum Refinery
MARVIN E. LAMBORN............Direct Sales—Oakland
ADOLPH C. LENZ............Northern Division Field
FRANK C. McCULLOUGH........So. Region Distribution
PAUL K. NOLAND............Comptroller's—Houston
FRED W. OLSNESS............Direct Sales—Spokane
GEORGE L. PORTER............Research Department
DONALD A. SOGARD............Santa Maria Refinery
JOSEPH W. WHITE............Direct Sales—Seattle
RONALD A. WILLIAMS......Northern Division Pipeline

25 YEARS

WILLIAM D. GENTLE............Research Department
DEAN B. MORSMAN......Northern Region Distribution
FREDERICK A. MYERS......Southern Region Distribution

20 YEARS

WILLIAM R. CRAIG............Treasury—Home Office
GEORGE P. ELDERKIN............Comptroller's—Colorado
NORMA E. HULFORD........Comptroller's—Home Office
WILLIAM A. McINTYRE............Los Angeles Refinery
GOLDA MAE SHAW..........Comptroller's—Home Office
GERRAL W. WAINSCOTT..........Northern Division Field
JOHANNES M. WILDENHAIN......L. A. Refinery—Cafe

15 YEARS

JESSE C. AVILA............Oleum Refinery
ORIN R. BAKER............Los Angeles Refinery
GERALD BARBER............Los Angeles Refinery
JOSEPH J. BOURRET, JR............Land—Houston
THOMAS V. CAMPBELL............Los Angeles Refinery
NOLAND N. DANE............Southern Division Field
MORRIS J. DANIELS............Southern Division Field
STANLEY L. DEAL............Los Angeles Refinery
FRANCISCO DeFIGUEIREDO............Oleum Refinery
EDWARD C. DUGAN............Research Department
ELMER E. EDWARDS........Southern Region Distribution
RAY T. FREDRICK............Southern Division Field
JACOB C. GASTAL............Field—Louisiana
GEORGE D. GEDGE............Marketing—Honolulu
PAUL T. HANEY............Northern Division Pipeline
RUSSELL Y. HART............Northern Division Field
LEONARD L. HERMAN....Southern Region Distribution
ADOLPH F. HOFF............Field—Montana
STELLA HULIHAN............Purchasing—Home Office
JOHN R. KINCAID............Southern Division Pipeline
ROBERT E. O'BRIEN............Direct Sales—Oakland
JOHN W. PRETZER............Direct Sales—Sacramento
CLARENCE V. ROBERTS............Oleum Refinery
ROSCOE R. SNEAD............Los Angeles Refinery
ARTHUR STUCKMAN............Los Angeles Refinery
LLOYD I. TOLAND............Los Angeles Refinery
FORREST O. WOOD............Research Department

10 YEARS

NEAL L. BURKHOLDER............Exploration—Canada
ROBERT D. GODWIN............Retail Mktg.—Long Beach
CHARLES R. INGELS............Purchasing—San Francisco
THOMAS W. LEATHERMAN
Comptroller's—Home Office
RALPH G. LEWIS............Los Angeles Refinery
ROBERT L. LIGHTFOOT............Los Angeles Refinery
DAVID L. MARSH............Oleum Refinery
RUTH L. MILLIGAN............Oleum Refinery
OSCAR F. NOSS, JR............Los Angeles Refinery
EARL O. ROUSSEL........Southern Division Automotive
PHILIP F. TICER............Los Angeles Refinery
JAMES G. WILLIAMS........Comptroller's—Home Office
HERBERT F. ZIRNITE............Los Angeles Refinery

DEALERS

August 1959

25 YEARS

MRS. C. H. BRILES............Napa, California

20 YEARS

FIRESTONE SERVICE STORE, INC. Seattle, Washington
HIKOHARA UYESATO............Kokokahi, Hawaii

10 YEARS

H. C. CAIN & E. BEGOVICH....Whitmore, California
WILLIAM R. BRYANT............Renton, Washington
THEODORE M. GRECO............Tacoma, Washington
RICHARD MOORE............Tacoma, Washington

5 YEARS

ED CASTLE............Burbank, California
L. F. DIEDRICH............Phoenix, Arizona
HARRY DIMBERG............Turlock, California
ERNIE FIELDS............Grayland, Washington
CLYDE & UNA JOHNSON............Mesa, Arizona
ALBERT KUBALL............East Palo Alto, California
RUSS MORRISON............Sun Valley, California
OSWALD MARKET............Yuba City, California
PISENTI BROTHERS............Santa Rosa, California
L. P. SNOW............Sumner, Washington
DOYLE F. THOMPSON............Hayward, California
MANUEL TORTOSA............Winters, California
H. M. (BUD) TWILLINGS, JR.....Sacramento, California
DONALD YOST............San Ardo, California

CONSIGNEES - DISTRIBUTORS

August 1959

30 YEARS

A. M. HANSEN............Orland, California
CHARLES A. KIXMILLER............Laws, California

25 YEARS

RAY J. BONTEMPS............Wenatchee, Washington

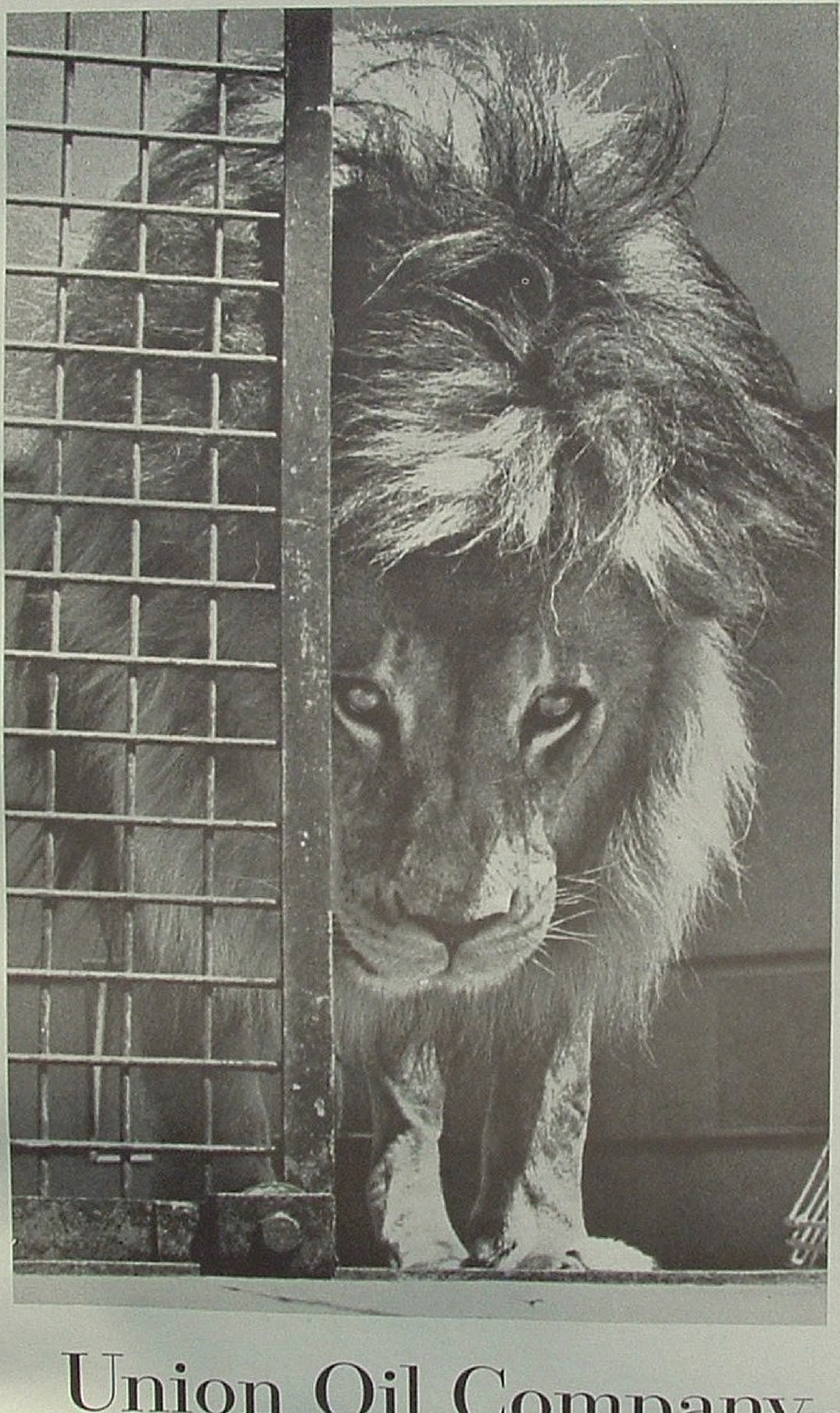
10 YEARS

BRUCE HORNING............Running Springs, California
ROBERT E. SCHOEN............Orcas, Washington

UNION OIL COMPANY OF CALIFORNIA
P. O. Box 7600
Los Angeles 54, California

The Insecure Lion

...who prefers his cage to freedom



A CALIFORNIA NEWSPAPER recently carried a story about a lion that escaped from his cage during a carnival.

Men showed their heels. Women screamed and shielded their children.

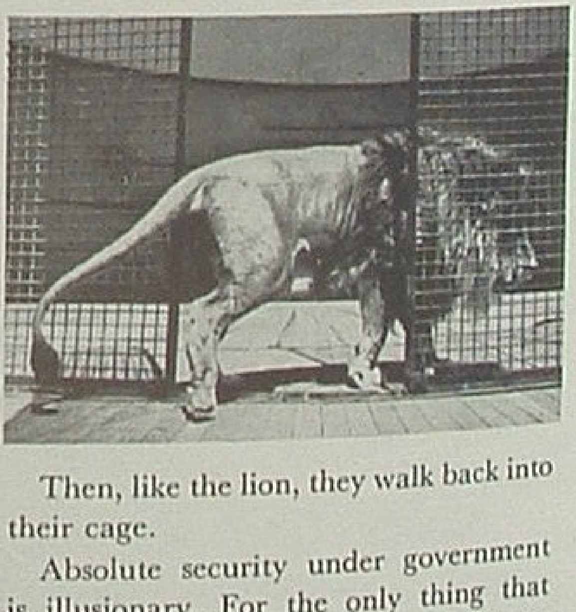
Now you'd expect an escaped lion to bolt for the tall grass. But this king of beasts had been in captivity so long, he took a quick look at the world and then turned and walked back into his cage.

Obviously, security was more desirable to the lion than freedom.

His behavior demonstrates that to be free you must be independent.

When people over-emphasize security —or dependence—they can't help but lose some of their initiative. You see it in the way people more and more rely on government instead of on themselves.

It would appear that people don't realize that whatever they get from the government must eventually be paid for by them or their children. This type of "security" may be easy to take at first. But it is habit-forming; after a while, people may prefer this false security to freedom.



Then, like the lion, they walk back into their cage.

Absolute security under government is illusionary. For the only thing that government can give to the people is that which it first takes *from* the people.

YOUR COMMENTS INVITED. *Write: Chairman of the Board, Union Oil Co., Union Oil Center, Los Angeles 17, Calif.*

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MANUFACTURERS OF ROYAL TRITON, THE AMAZING PURPLE MOTOR OIL