



**Reese H. Taylor  
Discusses  
"High" Profits**

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**"On Tour"**



# On Tour

VOL. 10, No. 10  
OCTOBER 1948

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T. D. Collett..... *Editor*  
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ON TOUR is published monthly by Union Oil Company of California for the purpose of keeping Union Oil people informed regarding their company's plans and operations. Reader participation is invited. Address communications to ON TOUR, 617 West 7th Street, Los Angeles 14, California.

### THE COVER

Port San Luis is the seaboard terminus of Northern Division Pipe Lines. Here Company tanks, tankships, activities and people provide most of the industrial impetus. Our Avila Refinery was once located here.

# How to Use a Gun

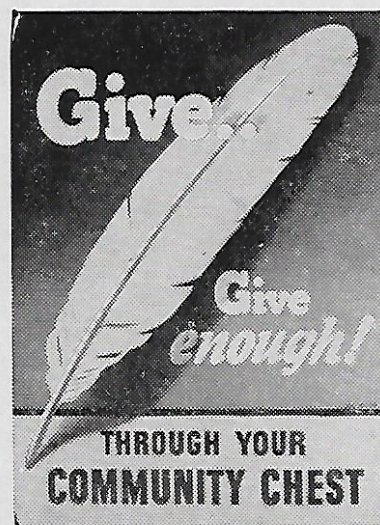
Several years ago a retiring United States marshal removed a revolver and shoulder holster from under his coat, quietly placing both on a desk top as his concluding official act. He had finished more than 40 years of service as a peace officer. A young deputy, aware of the marshal's excellent law enforcement record, was prompted to ask how many notches the old gun contained or was eligible for.

"Not a one," replied the marshal. "That gun has never killed or injured a human being. I bought it when I was twenty and, during my first year as a town sheriff, put in many hours of practice drawing and shooting it. But today I'd hardly know which way to point the thing and the broad side of a barn would look like a pretty small target. The gun has never been fired or drawn for the purpose of making an arrest."

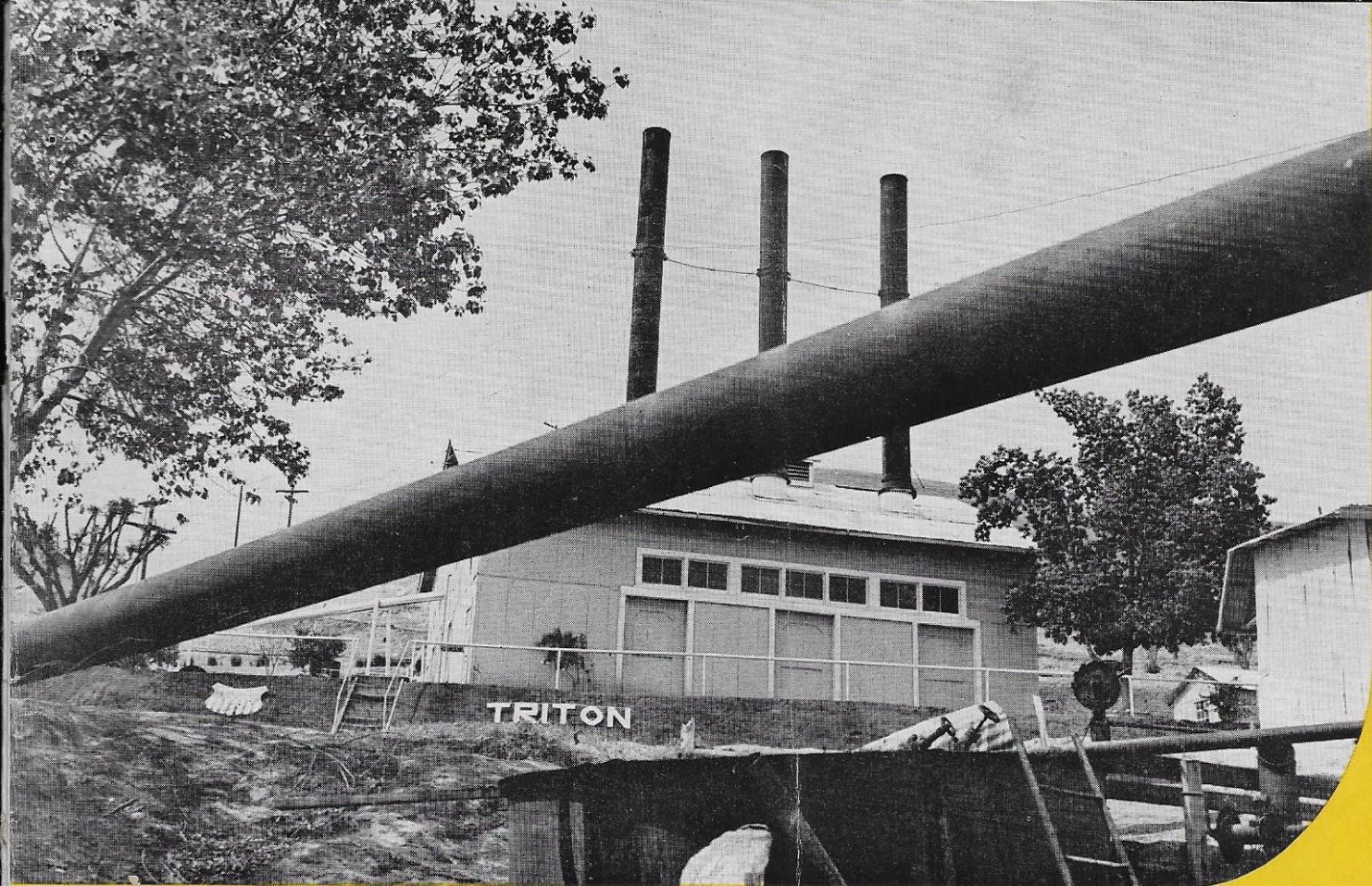
"You mean you've never drawn a gun even to arrest an armed killer?" asked the deputy.

"I mean I've never drawn the gun on any man. Several times I feared I might have to use it, but I never did. It has been my experience in making arrests that a show of guns or a threat of violence causes only fear and excitement. And it is fear or excitement that causes a man to take foolish chances. Pull a gun on a man and his first and natural reaction is to pull a gun on you. Shoot and you're apt to be shot at. I have arrested many desperate men, suspecting that they were armed and they suspecting that I was armed. But by keeping calm and empty-handed, I was able to reason them into submitting. A gun is useful only for shooting mad dogs.

"Furthermore," concluded the marshal, "I believe that a similar careful use of lawful force in other branches of society today would just about eliminate wars, strikes and lockouts. Because we're permitted to carry a gun does not often justify our using it."







# Poso Crude Rides the Pipe Lines

By Nick T. Ugrin

(Last month we followed the production of Mt. Poso crude from wells on Union Oil's S. & M. Lease into skim ponds and a heating plant where it was dehydrated, and finally into field tanks where it was stored awaiting shipment. This month Nick Ugrin tells us how the Northern Division Pipe Line Department moves the crude through 160 miles of line to tidewater at Port San Luis.)

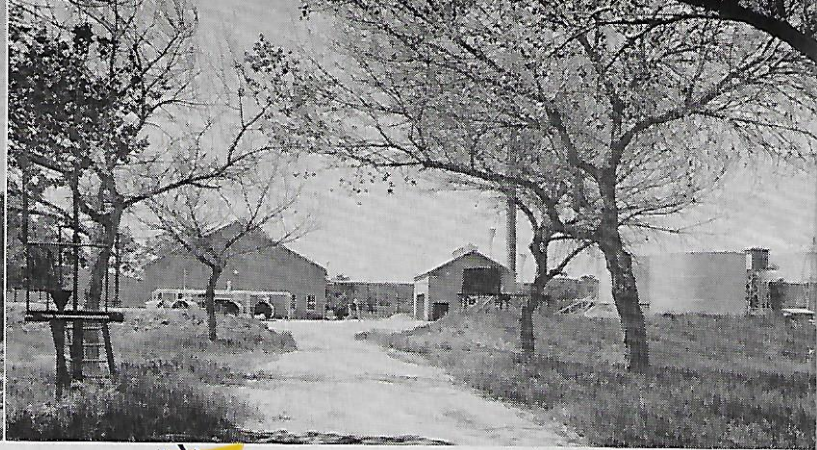
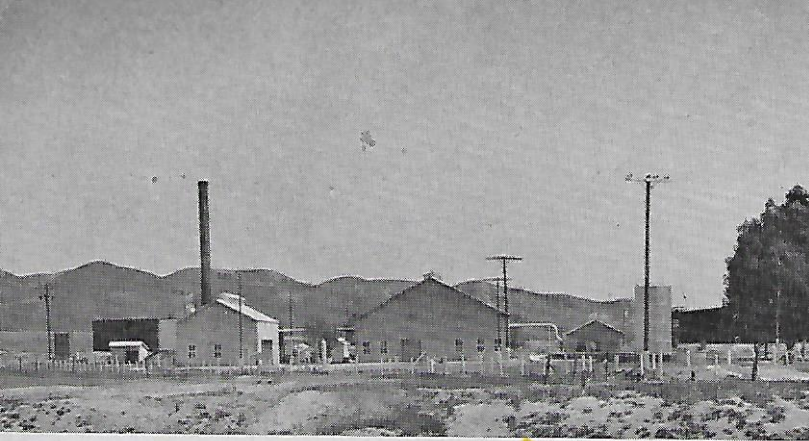
A fact not generally understood is that oil fields within a given area, and sometimes wells within a given field, produce oils of greatly varying characteristics. Some crude may be almost as light in color and viscosity as refined stove oil. Another field or well nearby may yield oil as dark and viscous as molasses. Of course it is not practical to keep every type of oil separate during transportation to refineries; but at least we are careful to maintain segregations of various grades. At present Northern Division pipe lines handle nine different segregations of crude. Poso crude, from which Oleum Refinery makes several special products, represents one of the nine segregations, and is carefully guarded against contamination throughout its pipe line journey.

The Northern Division pipe line system is composed

of a main trunk with several branches and numerous tributary lines that discharge into it. The tributaries, called gathering lines, spread out over many miles to individual wells and leases, bringing the crude to large shipping tanks located at main pump stations. Here the oil remains in storage until sufficient has accumulated for shipment via trunk line.

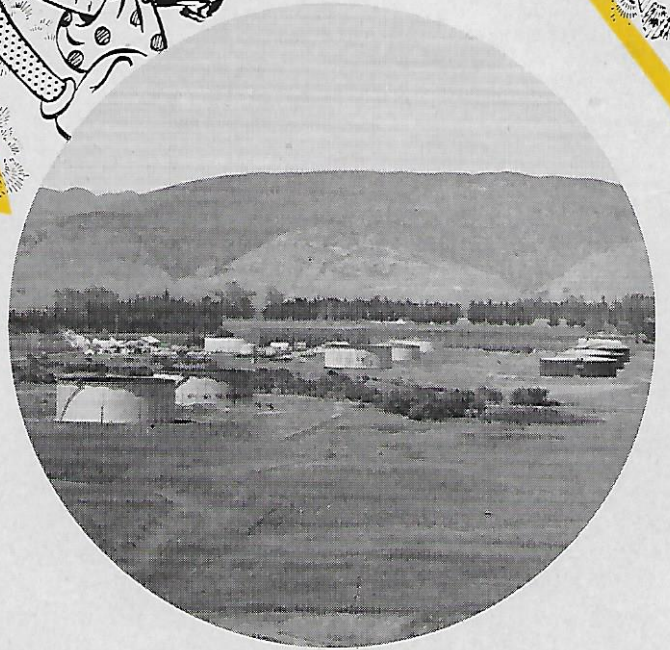
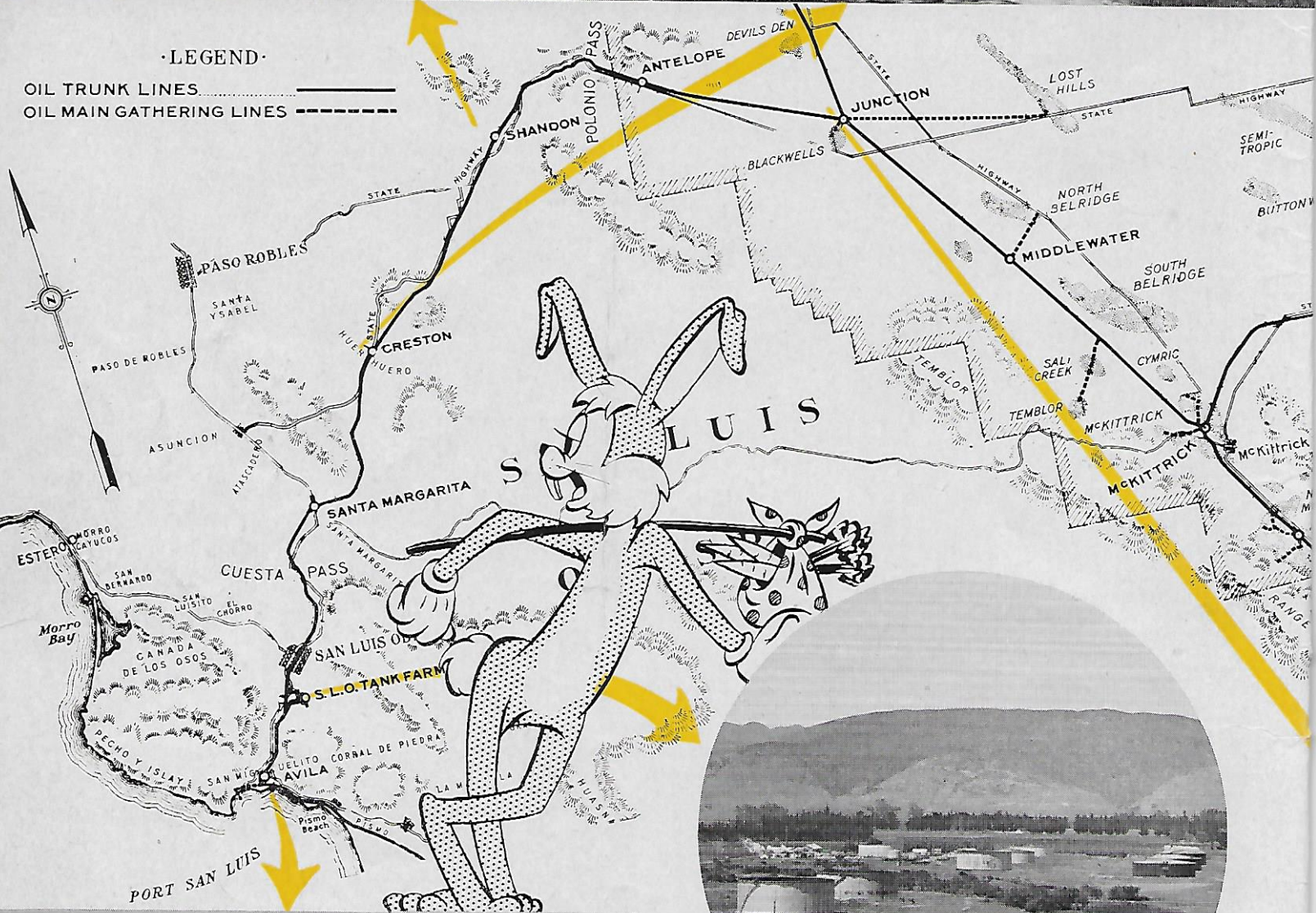
This Division's trunk facilities consist generally of two parallel pipe lines. The pipe varies in diameter from 8 to 12 inches and is buried about two feet underground, except where it lies exposed above narrow gulleys and streams. The trunk line begins at Kern Pump Station near Bakersfield and follows a rather circuitous course of 140 miles to the ocean at Port San Luis. Two main branches join the trunk, one extending





· LEGEND ·

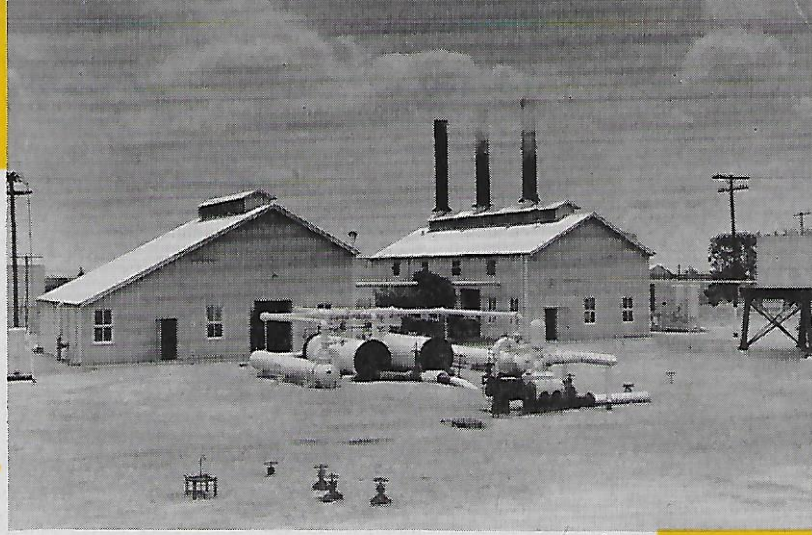
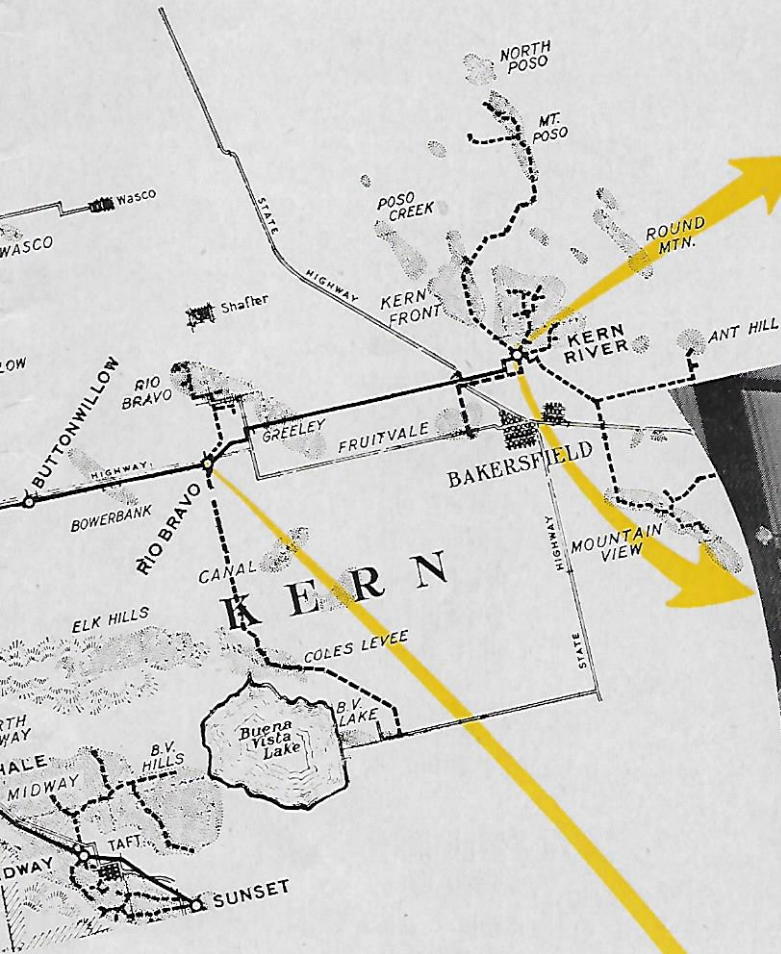
OIL TRUNK LINES ————  
 OIL MAIN GATHERING LINES - - - - -



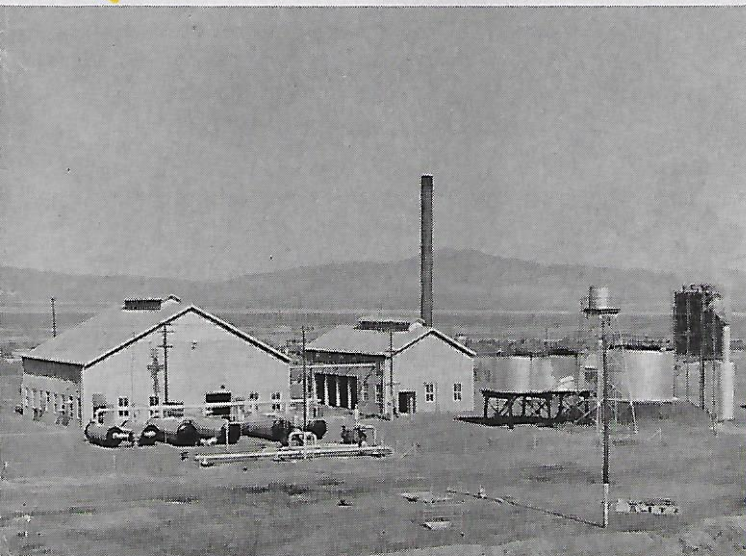
THE TERRAIN embraced by Northern Division Pipe Lines varies from the barren desert surrounding Junction Pump Station (right) to the lush cultivated fields of San Luis Obispo Tank Farm (above) to the inviting beach and calm ocean water of Port San Luis (cover). At a dock (left) leading several hundred yards offshore, the pipe line ends, and large tankships take over the burden of carrying Poso and other crudes additional hundreds of miles to Pacific Coast refineries.



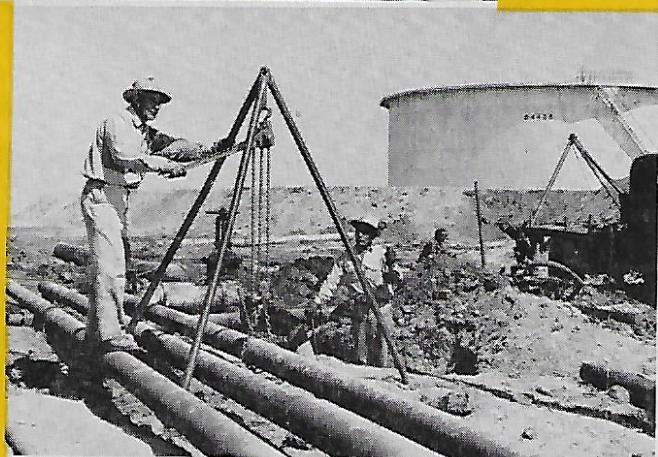
THE PUMP STATIONS, spotted at intervals of about 15 miles from Kern River to Port San Luis, look very much alike. Each plant has its pump house, steam plant, heaters and water tanks. Where not located convenient to a town, some units also include cottages and a boarding house for employees. Main stations have tanks where the oil may be diverted from the line and held in storage. Most plants have been kept operating steadily on a 24-hour per day basis since 1909.



THE PUMPING EQUIPMENT, though much of it is of old design, is completely efficient and equal to the job it has to perform. Using oil or gas for fuel, the power plant generates steam both for operating the large pumps and heating the crude to its proper shipping viscosity. Yards are kept cleared of weeds, rubbish, excess equipment and all inflammable materials. Pumps and floors are daily cleaned and regularly painted to preserve their better-than-original appearance.







Top to bottom: Nick T. Ugrin, who by coincidence has just been named superintendent of Northern Division Pipe Lines, is the author of this pipe line narrative. Glenn Wood and Peter Glynn connect a new receiving line at Rio Bravo Pump Station. Out for lunch at Avila are (L-R) H. R. Martinson, John C. Calhoun, William Mercer and William Esplin, whose service records run 15, 30, 31 and 38 years respectively.

southeastward from McKittrick to the oilfields of Taft, Midway and Sunset; a second going northeastward from Junction to the Tar Canyon and Coalinga fields. Another trunk line system serves the Orcutt and Santa Maria fields south of Port San Luis.

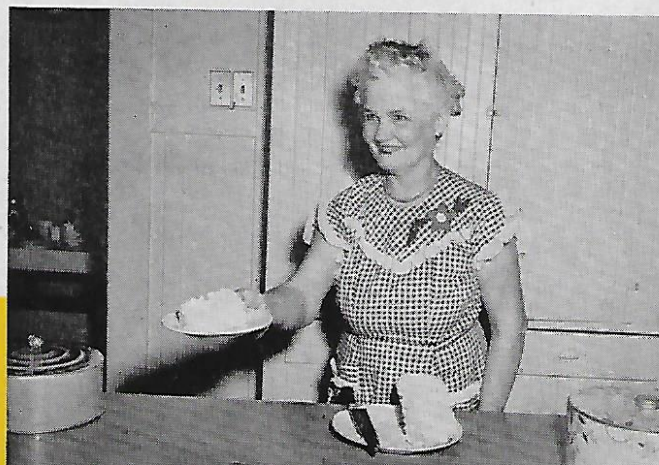
Spaced along the trunk lines at intervals of about 15 miles are 15 Company pump stations. Some of these, like Buttonwillow and Antelope, are booster stations, whose functions are to give the oil stream an additional pumping surge and keep it heated to the proper degree. (Heated oils often show a temperature drop of from 15 to 60 degrees between stations.) Other stations, like Junction and McKittrick, serve additionally as storage and distribution points. At such main stations the crude may be side-tracked into storage tanks to await later shipment.

It surprises nearly all visitors who see these efficient pump stations for the first time to learn that the Northern Division system was installed by Union Oil way back in 1909. Known originally as the Producers' Pipe Line, it was constructed in a very few months by crews of pipe liners totaling more than 1000 men. Simultaneously, other crews were installing the telephone system, steam plants, pumps, tanks and living quarters. Unlike the welding techniques used today, the 1909 method consisted of "rolling" the threaded pipe ends into oil-tight connections. To do this required "tong gangs" of 50 men working with military precision. It is said that some of the construction records established by these men, working under conditions of extreme heat, have never been exceeded. But the efficiency, polished metal and fresh paint found in these stations today thoroughly disguise their nearly 40 years of service.

However, let's get back to the field tanks on our S. & M. Lease and see just how a shipment of Poso crude is handled.

As Vaughn Moyer explained last month, our Mt. Poso wells produce about 1350 barrels per day of clean oil, or about 40,000 barrels a month. This production is accumulated in field tanks near the wells.

At Middlewater Pump Station, Mrs. Sadie Martin offers sponge cake in recognition of her 25th year of cooking for Union Oilers.





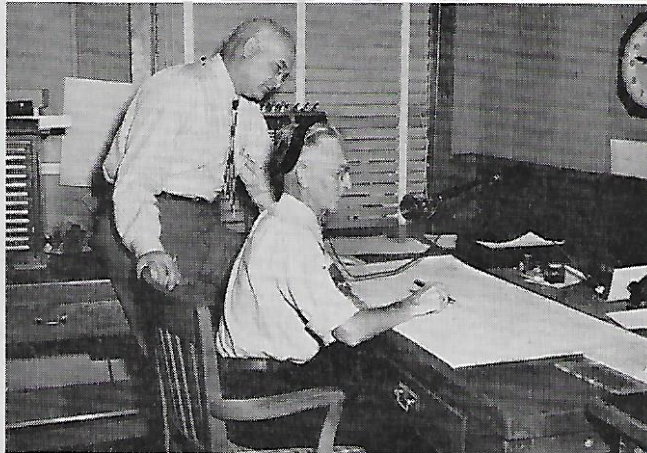
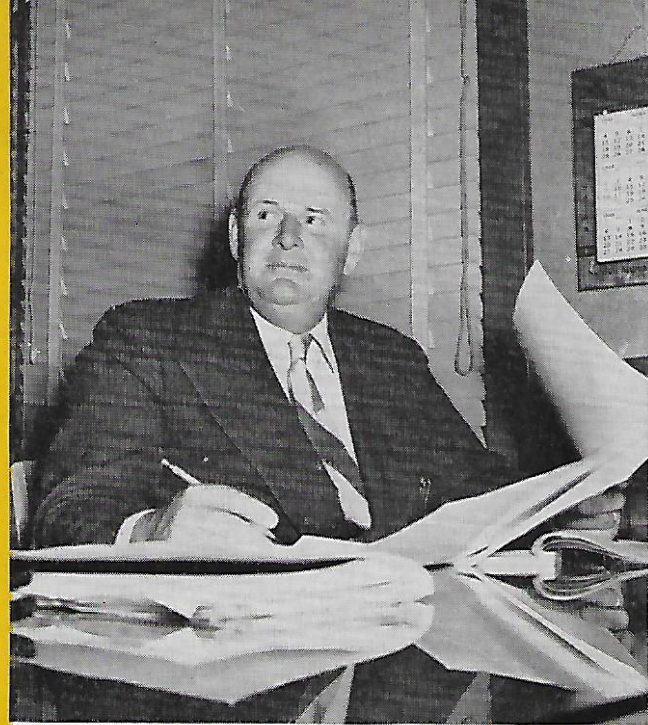
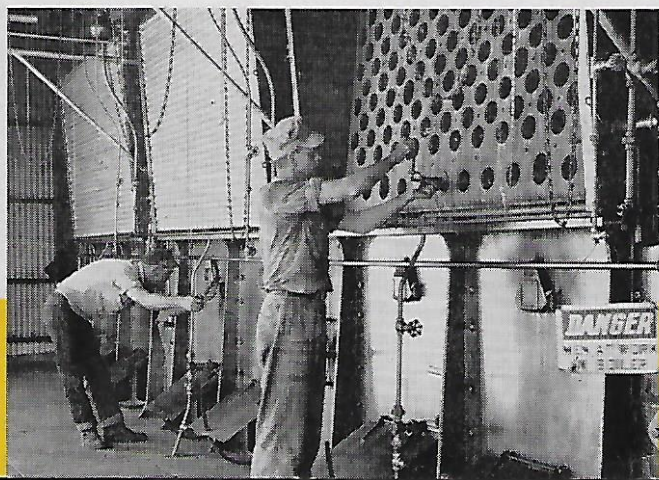
When a field tank contains an amount considered ample for shipping, one of the Field Department operators notifies a Pipe Line Department gauger. The gauger then measures the tank's contents with his steel tape, takes an average sample of the crude, records its temperature, and runs several prescribed field laboratory tests to establish the oil's gravity and content of sediment and water. If the oil is acceptable, he seals all tank valves except the suction-line outlet and gives the Field Department operator an "okay" to start pumping. When the field tank is pumped nearly empty, the operator closes the outlet valve and notifies the gauger. A final "short gauge" taken by the gauger is then used to determine the quantity of oil shipped. A "run ticket" prepared by the gauger serves as the Company's record of oil received and a basis on which royalties are paid to the lease owner.

Our gathering line from Mt. Poso to Kern Pump Station is eight inches in diameter and about 20 miles long. When heated to 170 degrees F., Poso crude is pumped through it at the rate of approximately one mile in three hours, therefore requiring nearly 60 hours to make the journey. During cold weather it is necessary to give the crude additional heat and pumping force at an intermediate unit, Poso Pump Station. At Kern the oil enters a large shipping tank, there to accumulate until at least 50,000 barrels are in storage.

The next transportation step via trunk line becomes somewhat more complicated. All shipping schedules must be closely coordinated with tankship movements and refinery priorities. Also, since many segregations of oil are using the same trunk line, serious intermixing of the crudes can be avoided only by carefully determining the sequences in which they are pumped. If a line is to be shut down for any reason, it is always left full of light oil, because heavy crude, on cooling in the line, would become extremely viscous and difficult to move.

The coordinated efforts of many Union Oilers are required to make all plans and decisions and start Poso crude flowing through the trunk line. In constant touch with our Marine and Manufacturing departments is the pipe line oil dispatcher at San Luis Obispo. By tele-

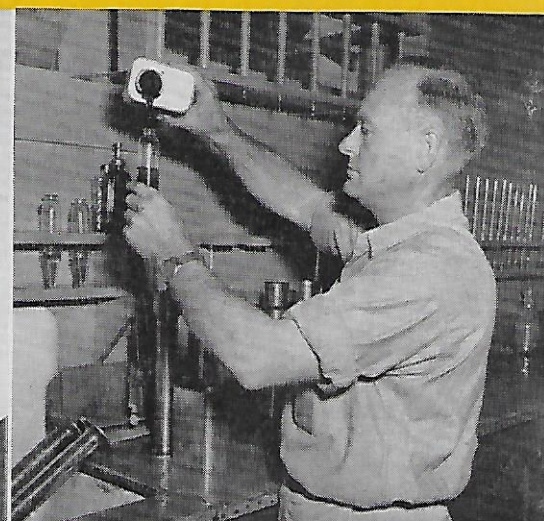
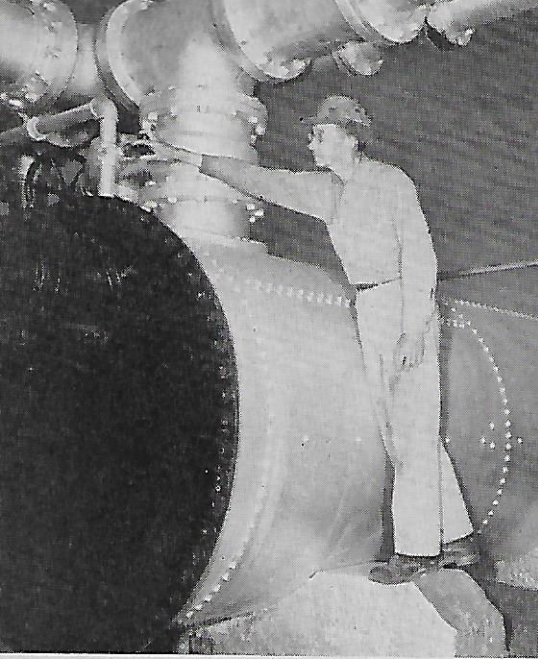
Arthur Youman adjusts the gas fire under a pump station boiler while Willard Anderson finishes the cleaning of boiler hand holes.



Top to bottom: William M. Conley is an assistant superintendent of Northern Division Pipe Lines. At San Luis Obispo headquarters, Poso Pete regales (L-R) Lora Litzenberg, Betty Bewley, Laura Abbott and Claire Johnson (seated). Studying the movement of Poso crude on an "hourly gauge report" are Chief Dispatcher Harvey T. Colby and Tour Dispatcher George E. Reed (seated), who coordinate the work of 15 pump stations.



(L-R) Frank Turner regulates flow of steam into heating unit at Middewater. Walter Evans explains how pumping speed is determined. Orville Truesdale prepares a sample of crude for testing.



phone he contacts the 12 pump station engineers involved in Poso crude transportation, advising them of the starting time, the pipe line to be used, the pumping rate, the tanks to be used for temporary storage, and other pumping details. Promptly on time Poso crude, heated again to about 170 degrees, enters the trunk line at Kern and resumes its adventures.

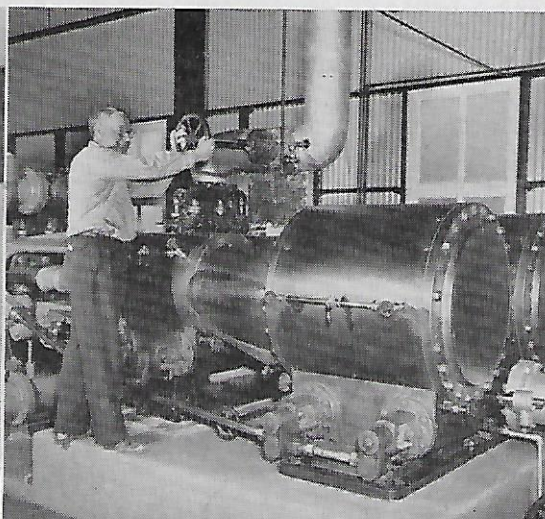
Ordinarily every pump along the line is regulated to the same pumping speed of 1000 barrels an hour. The quantity of Poso crude shipped at one time is about 50,000 barrels. Therefore, it requires about 50 hours for the shipment to pass through any one station. En-route the crude travels at about three miles an hour, or approximately at the speed that a man walks. Since, in order to minimize contamination, Poso crude is seldom stopped enroute, a 50,000 barrel shipment is completed from Kern Pump Station to tidewater storage in about 100 hours. Oftentimes this oil is stored a few miles short of its Port San Luis destination at Santa Mar-

garita or San Luis Obispo Tank Farm because of limited storage space at the port.

Meanwhile at each pump station along the line an engineer works his "tour." Every hour he must make a telephone report to the dispatcher, reporting operating conditions for the preceding hour, giving the amount of oil pumped as well as its discharge pressure, temperature and gravity. In this routine manner the progress of the crude is accurately followed.

Undoubtedly you will be interested in knowing how many Union Oil people are required to operate the Northern Division Pipe Line Department.

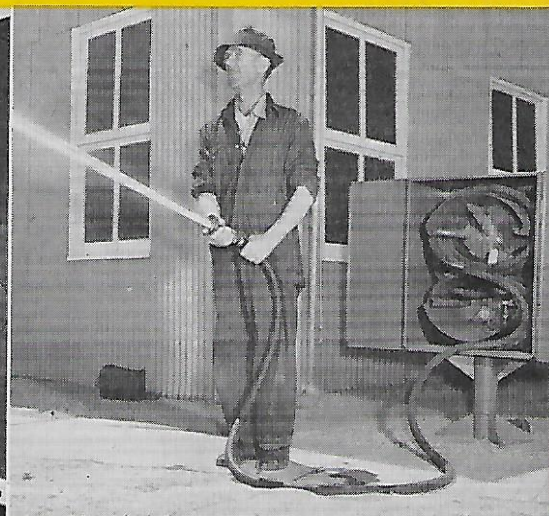
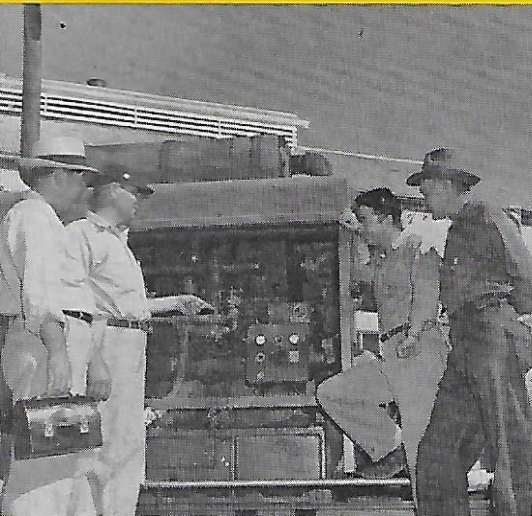
Our division headquarters are located in San Luis Obispo. Here are found offices of the superintendent, one of two assistant superintendents, the chief dispatcher and his six assistants, the chief gauger and one assistant, the safety supervisor, the office engineer, and four girls who handle secretarial, stenographic and PBX responsibilities.



(L-R) Adolphe St. Marie gauges a tank of Poso crude prior to shipment. Stephen Keithley manipulates the controlling steam throttle of a main line pump to start the crude flowing. Lawrence Marston removes sample of crude from centrifuge to determine its water cut and sediment content.



(L-R) At change of shift, Arnold Gallegos, Bill Tomasini, Ray Dooley and Ruby Strawn converse. Thomas Devlin checks the "switching board." Pat Collins, who hasn't seen a pump station fire during his 37 years of service, tries out a new Figure-8 hose cabinet and fog nozzle.



Another of the two assistant superintendents, who are charged with the efficient operation and maintenance of all pumping equipment, has his office at Kern Pump Station.

To handle the receipt and transhipment by tankship of crude at Port San Luis requires the services of a terminal foreman and about 25 men, 12 of whom work on the wharf.

A force of 23 gaugers is employed to measure and test the many tanks of crude we produce or purchase in this area. Half of our gaugers work in the vicinity of Santa Maria.

For maintenance purposes, the Division is divided into five districts, each district having a foreman and a maintenance gang of from 8 to 10 men. A traveling machinist's crew of four men handles the repair and maintenance of all pumps. Four communications men service our telephone and electrical equipment.

Each pump station, operating night and day throughout the year, requires three shifts of workmen a day. Booster stations can normally function with a total of five employees, while nine or more are required for our main pump stations. Most of these men are classified as senior engineers, tour engineers and firemen.

In former times we also employed a crew of line walkers. But, as ON TOUR recently reported, this inspection work is now being contracted by an airplane "walker."

Altogether there are 268 Union Oil people who team up to operate the Northern Division Pipe Lines. A glance at our service records indicates that pipe liners are among the Company's most contented and enduring employees. For instance, our 17 senior engineers boast an average continuous service record of 28 years. The 23 gaugers are not far behind with an average of 23 service years per man.



(L-R) Ray Dooley makes his hourly report to the dispatcher. Arthur Dean and Earl Calder equip a pump with new packing. George Faustino gauges a 1¼-million barrel ground-storage reservoir.





# INDUSTRIAL SUMMARY

## INDUSTRIAL RELATIONS

The refinery strike called by Oil Workers International Union (CIO) continued into its second month without seriously affecting the availability of gasoline. At Union Oil Company's struck refineries a total crude throughput slightly exceeding normal has been maintained by supervisors, non-striking employees, and new employees hired since the strike became effective on September 4. Negotiations are continuing with representatives of the local unions involved and the Oil Workers International Union.

A representation election conducted by the National Labor Relations Board, involving radio operators on Company tankships, resulted in a tie vote between an A. F. of L. union and a C. I. O. union. The N. L. R. B. has ordered a run-off election.

Unlicensed seamen refusing to sail Company vessels during the refinery strike have been paid off.

## PIPE LINE DEPARTMENT

At the beginning of the C. I. O. Oil Workers' strike on September 3, arrangements were made to continue operation of our pipe line systems. In the Northern Division, Company production and purchases in the San Joaquin Valley were diverted to storage along the pipe line system in order that terminal storage at Port San Luis could be used for storing Santa Maria crude. Field receipts of heavy oil belonging to other companies and normally handled by them, were accepted into our pipe line system to the extent of 14,000 barrels per day. Arrangements were made to deliver some of our light oil in the Paloma area to the Norwalk Company's refinery at Taft.

In the Southern Division, oil produced and purchased was diverted into storage along the pipe line system. Natural gasoline produced at our various plants in the Los Angeles Basin area, ordinarily delivered via our white line to Los Angeles Refinery, was diverted into the crude stream and subsequently delivered into storage. Santa Paula crude oil was delivered by pipeline to our storage at Torrance Tank Farm.

To aid in the distribution of commercial gasoline, truck loading racks were installed at Norwalk Pump Station and Torrance Tank Farm. Deliveries of com-

mercial gasoline to Norwalk were accomplished by reversing the flow of the natural gasoline line and pumping commercial gasoline from Los Angeles Refinery to Norwalk. Existing pipe line facilities from Los Angeles Refinery to Torrance were used to deliver commercial gasoline from storage to the emergency-installed loading racks. Maximum disposition from these two racks in one 24-hour period totaled 15,000 barrels.

## W. W. HAY PASSES

The death of William W. Hay, manager of Pipe Lines and Communications, on September 23 came as a shock to the hundreds of Union Oil people who knew and worked with him. Bill, who was born in 1888 of Irish parents, joined Union Oil Company's Pipe Line Department in 1915 at San Luis Obispo. He remained in this department throughout his working career and rose to the office of manager in 1940.

Mrs. Hay, widow of the deceased, has asked that ON TOUR express her gratitude for the many expressions of sympathy and acts of kindness offered her by Union Oilers during the past few weeks.





**FOREIGN  
SALES**

During early October, Head Office was favored with a visit by Rudolph V. Lederhofer, manager of the Chemical Department of Shewan, Tomes & Company, Limited, of Hong Kong, China. He is on a six months' round-the-world business trip, and expects to return to Hong Kong in November after visiting the various companies in the United States and Europe that his firm represents.

Union Oil Company's policy in most countries overseas is to appoint well-established local companies as distributors of our products. Shewan, Tomes & Company, Limited, are well versed in the South China trade, their business having been founded as an American company in the city of Canton more than 117 years ago. Ownership was changed in about the year 1900 when British interests became active and founded their city on the island of Hong Kong. A Scotsman, Robert Shewan, took charge of the British company, and was succeeded by his nephew, I. W. Shewan, who is now guiding the company's destiny.

They are an export and import company, as well as being pioneers in the founding of industries in China such as China Power & Light Company, Sandakan Light & Power Company, Hong Kong Rope Company, and China Underwriters Insurance Company. In addition to distributing Union Oil products, they represent other well known American companies such as Hercules Powder Company, Century Motor, McKesson & Robbins, Bauer & Black, as well as a number of French and British firms.

**FIELD  
DEPT.**

For the past month there has been a general curtailment of drilling and production activities in California due to the strike. Nevertheless, indications of a discovery are in the making on our Jesus Maria Prospect which is on land encompassed by Camp Cook in the Santa Maria area. This well is now testing for production. As of October 1, all of our drilling and production activities in California were restored to full-scale operation. The past month marked completion of our dry ice plant at Santa Maria, and several cars of commercial dry ice have already been shipped.

In the Glacier Division, north of the promising newly productive Reagan area, we are starting a wildcat well on the Twin River Prospect, just across the international boundary in Alberta.

In the Gulf Division a survey is being made regarding the possibilities of constructing an absorption plant. The purpose of such a plant would be to process gas from fields that will be produced on completion of the Transcontinental Gas Pipe Line Company's line. This line will take gas from four fields in which our Gulf Division holds properties.



**J. HOWARD ROBINSON  
APPOINTED MANAGER**

To fill the assignment of manager of Pipe Line Operations and Communications, made vacant by the death of W. W. Hay, the Company has promoted J. Howard Robinson. He joined Union Oil January 29, 1920, as a roustabout. Subsequent experience in a wide variety of Pipe Line Department jobs brought him to a foremanship. During recent years he has served successively as superintendent of Southern Division and Northern Division Pipe Lines.

Succeeding Robinson as superintendent, with headquarters at San Luis Obispo, is N. T. Ugrin, who by coincidence is author of this month's feature story regarding the pipe line transportation of Poso crude. His picture appears on Page 6 of this issue.

**MARKETING**

Volume of sales during August increased 12.8 per cent over August, 1947, with practically all classifications of products contributing to this increase. Gasoline sales gained 17 per cent. Gains reported in sales of Stove Oil and Kerosene amounted to 33 and 44 per cent respectively. Total sales of Lubricating Oil were off 3 per cent while output on Royal Triton was almost doubled. Total grease sales increased 5 per cent, but Unoba sales showed an increase of 37 per cent over last year. Civilian domestic sales accounted for 77 per cent of the August total volume; cargo shipments, foreign sales and deliveries to the U. S. Government constituted the remaining 23 per cent.



# Well Recei

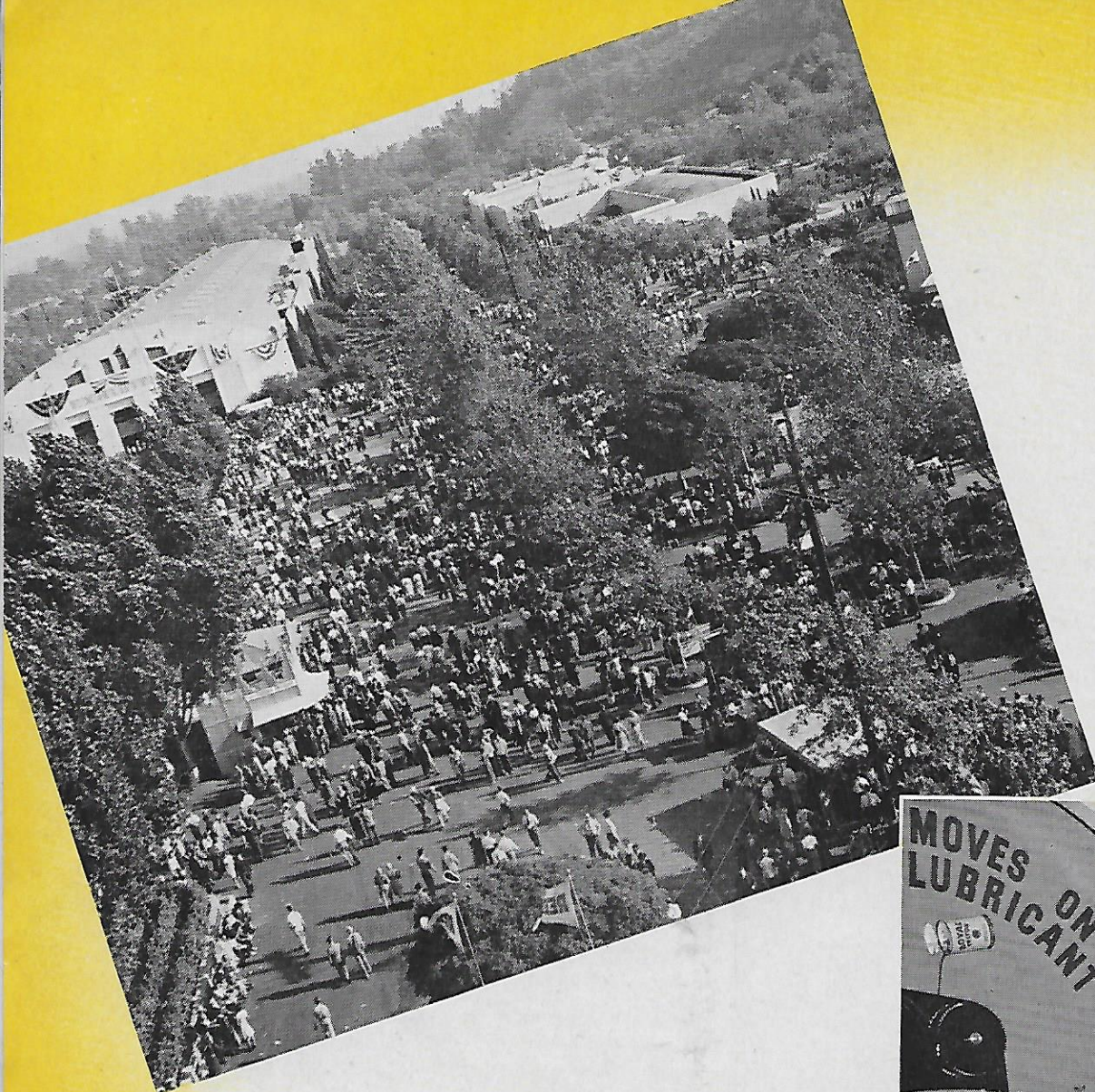
B

"One of the finest displays of it  
ing executive of Union Oil's exhi  
was referring to the attractive bo  
also for later showings at the Hen

The Los Angeles County Fair, l  
scaped grounds and permanent b  
any other county or state fair in th  
broken when 1,254,928 people wall  
ing ending October 3.

Spot checks made several times  
the Company display. Eighty per  
as sponsor of the booth, and 52 p  
to enter for a closer inspection.  
advertising items as post cards, m

Two of our Marketing represen  
resident manager at Pomona, were  
their questions. Most Union Oil pe  
themselves. Many questions were  
over the surfaces of two moving g  
theme, "Civilization moves on a fil



At top, left: A portion of the landscaped fair grounds  
At left: No California fair is ever complete without a  
Above, left: John S. Cox, resident manager of Pomona  
Above, right: Children were enthralled with the freight tr  
At right: Unusual lighting and brightly painted interiors c



# ved at the Fair

L. W. Janes

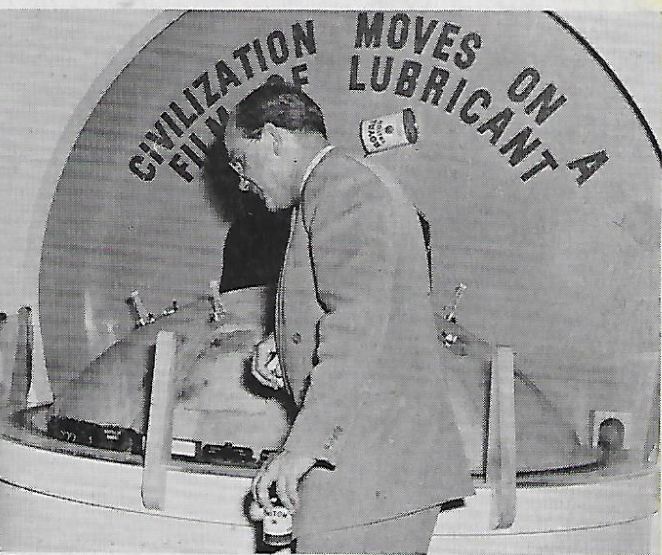
ize I have ever seen," said a visiting advertiser at the 1948 Los Angeles County Fair. He h shown on these pages, which was booked Farm Festival and Arizona State Fair. ld on a handsome 350-acre expanse of land- ings at Pomona, is said to be larger than nation. This year all attendance records were d through its turnstiles during a 17-day show-

ach day revealed that 520,000 people passed ent promptly identified Union Oil Company cent of the visitors were attracted sufficiently approximately 123,000 persons requested such s, Triton banks, and products brochures.

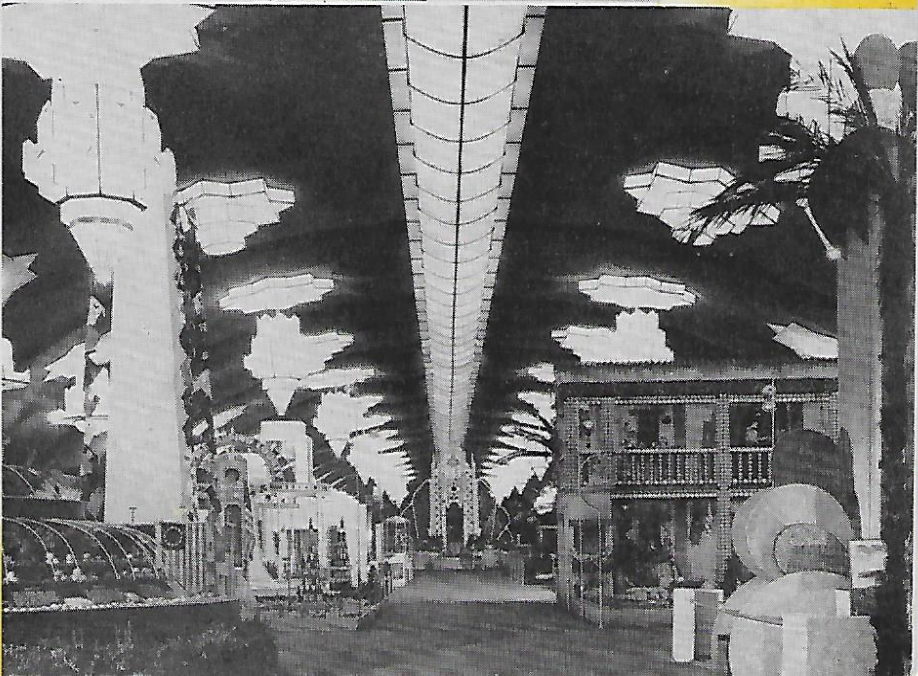
tives under the supervision of John S. Cox, n duty throughout to greet visitors and answer le, including shareholders, proudly identified asked about Royal Triton, whose steady flow ars supplied the colorful gist of the exhibit's of lubricant."



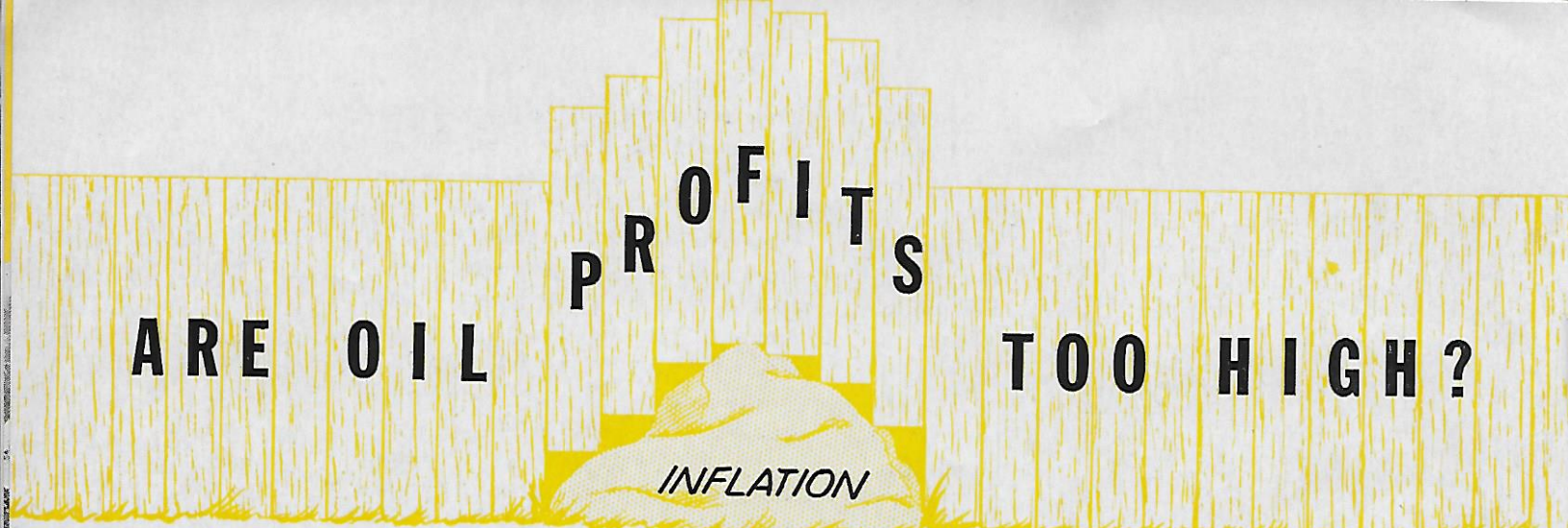
This Union Oil display, sponsored by Southwest Territory, drew the attention of 520,000 people at Los Angeles County Fair.



Pomona, showing some of the 1,254,928 people who attended display of citrus fruit, grapes and at least one blond peach. explains "additives" and "detergents" to a duet of fair inquirers. , but Joe Sanford kept their hands full and out of mischief. ded to the appeal of the many county and commercial exhibits.







# ARE OIL PROFITS TOO HIGH?

INFLATION

Address by Reese H. Taylor Before the  
California Natural Gasoline Association

October 8, 1948

Gentlemen . . .

Your Program Committee has asked me to take about twenty minutes of your time this morning to talk about oil industry profits. This is not the first time during the last six weeks that the subject has been brought up. Oil industry profits have been a rather hot topic of conversation around here recently.

As far as I am concerned, this is a good thing. If there was ever a time when the subject of profits needed a thorough, intelligent, public discussion, it's right now. For unless we can clear away some of the misconceptions about profits that are prevalent today—not only among the general public but among our own employees and, yes, even among some of our executives—we're in for a lot of trouble.

The primary cause for most of these misconceptions is the almost universal assumption that a dollar is a dollar. All of us know better than this, when we take the time to think about it, but in our day-to-day living we're inclined to go along with the idea. And it simply isn't true. An inch is an inch and a pound is a pound—whether you're talking about 1928, 1948 or 1968. But you can't say the same thing for a dollar. As a standard of valuation, the dollar is less reliable than a rubber tape measure. Yet we're continually measuring profits in dollars. And on that basis today's profits in the oil industry sound like something out of Amos and Andy. . . . "ten million, twenty million, fifty million . . . Man."

This kind of surface appraisal just won't do. To make an intelligent appraisal of our present profits you have to start out with the understanding that a corporation's 1948 dollar isn't the same thing at all as its pre-war 1941 dollar—any more than the personal dollar in your billfold this morning is the same dollar you carried before the war. These 1948 dollars—of yours and

the corporations—may look the same as they did in 1941. They still have George Washington's picture on one side and the great seal of the Republic on the other. But at that point the resemblance ends. For a dollar bill has no other significance except in terms of what it will buy. For example, this *personal* dollar of yours, compared to the dollar you used in 1941, is worth exactly 60¢. According to the Department of Labor's Cost of Living Index, that's all it will buy of the things you and your family purchase every day.

Now there's nothing very startling about that statement. Everyone is pretty well aware of the fact that the 1948 *personal* dollar, which is spent by the individual American and his family, isn't worth what it used to be.

But what a lot of people *don't* seem to be aware of is that a *corporation's* 1948 dollar is worth *even less than the individual's 1948 dollar*. A corporation doesn't have to buy food and clothing and household furnishings to keep itself a going concern. But it does have to buy steel and lumber and tools and chemicals and—worst of all from the standpoint of present day prices—new construction. The price of those things determines a corporation's "cost of living." And this corporate "cost of living" can be measured just as accurately as the American family's cost of living—by applying the U.S. Department of Labor's Index of Wholesale Prices for All Commodities.

On that basis the 1948 corporation dollar is worth only 53½¢ compared to what it would buy in 1941. . . . 61½¢ less than the individual's *personal* dollar is worth. In other words, we can start right off by pointing out that 1948 profit dollars have no more relation to pre-war profit dollars than your 1948 salary dollars have to pre-war salary dollars.



Now let's pursue this a little further and see what happens to those profit dollars; because admittedly we've got a lot of them in the oil business, even if they are only worth 53½¢.

To begin with, I don't think that anyone would criticize dollars just because they exist. What people imply when they criticize our so-called "high profits" is that those dollars are being unfairly *distributed*. So let's see what happens to them. How *are* they distributed?

In the first place, a modern oil company's profit dollars aren't stuffed under the mattress or buried in an old tin can. They can go only one of two places. They either go out to the stockholders in the form of dividends or they go back into the business. And those that go back into the business are used—either to buy new oil lands, leases, wells, refineries, tools, service stations, etc. or to pay for old ones that were bought with loans. Uncle Sam's tax collectors have some very strict rules about undivided surpluses.



So let's take a look at what happened to these profit dollars in 1947—the last year for which we have complete figures—and in 1941—the last year before the war.

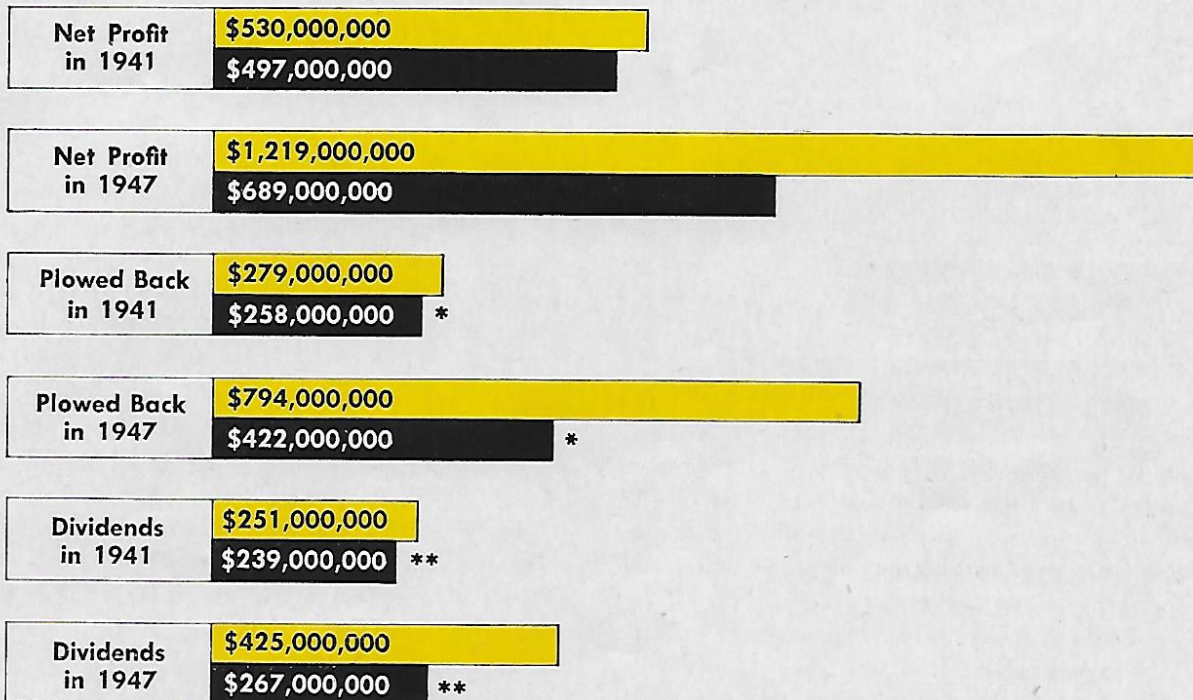
These are some of the combined figures from the Chase National Bank's 1947 Analysis, as prepared by Mr. Pogue, of thirty representative oil companies. In 1941 (please refer to Chart A below) the total net profits of these thirty oil companies was 530 million *actual* dollars. Of this 530 million, 279 million were plowed back into the business and 251 million were paid out in dividends.

Now if we drop below to our *real* or adjusted dollars, we see that even in 1941, actual dollars both to the corporation and to the stockholders weren't worth 100 cents. In order to get a true picture of the *real* value of the corporation's dollar we have to adjust it to the U.S. Dept. of Commerce Wholesale Price Index. This indicates what the corporations were actually able to buy with their money. And the dividend dollar has to be ad-

**CHASE NATIONAL BANK**  
**Financial Analysis of 30 Oil Companies**  
 By Joseph E. Pogue

**CHART A**

 **Actual Dollars**  
 **Real, or adjusted, dollars**



\* Actual dollars adjusted to U. S. Department of Commerce Wholesale Price Index of all commodities (1935-1939=100)

\*\* Actual dividends adjusted to U. S. Department of Labor Cost of living Index (1935-1939=100)



justed by applying against it the U.S. Dept. of Labor's Cost of Living Index. This gives us a true picture of what the stockholder was actually able to buy with his or her money.

Then we see that the adjusted dollars—or *real* dollars which the thirty companies were able to plow back into their businesses amounted—in 1941—to 258 million. And the adjusted or *real* dollars which the stockholders actually got to spend amounted to 239 million.

Now in 1947 reported total net profits of the thirty companies has jumped to 1 billion 219 million dollars—1947 dollars, that is. Out of this, 794 millions were plowed back into the companies and 425 millions were paid out in dividends.

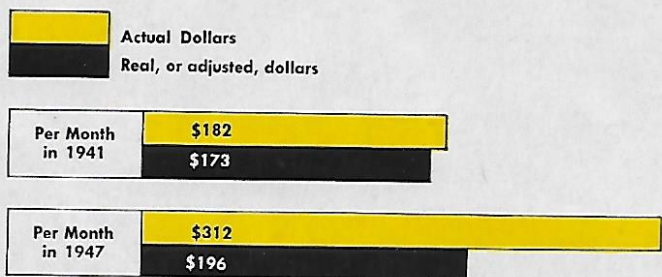
But when you cut that corporation dollar down to its real size we find that the adjusted or *real* dollars plowed back into the business amounted to only 422 millions. And the adjusted or real dollars that the stockholders got to spend totaled only 267 millions—not much more than they got in '41.

Now how about the third leg of the stool—the employee? How did he fare? Unfortunately I couldn't lay my hands on payroll and employee figures for the thirty companies.

But I do have the payroll records for our own company—Union Oil. And I don't think I'd be far wrong in saying that they're typical of the industry—at least as far as the relation between different years is concerned. So let's see what's happened to our Union Oil people during this period.

CHART B

AVERAGE EMPLOYEE'S MONTHLY WAGE  
(Union Oil Company)



\* Actual wage adjusted to U. S. Department of Labor Cost of Living Index (1935-1939=100)

In 1941 the average Union Oil Company employee earned \$182 per month in actual money and this does not include employee benefits, retirement plan, etc. Adjusted to the Dept. of Labor's Cost of Living Index this amounted to 173 *real* dollars.

In 1947 our average employee earned \$312 per month, not including employee benefits. (They get more than that now.) Adjusted to the Cost of Living Index, this amounted to 196 *real* dollars.

Now toting up the box score (Chart C) we find that between 1941 and 1947 the *real* or adjusted dollars that the stockholders received went up only 11%. Our average employee's *real* or adjusted wages went up 13%. And the real or adjusted dollars that the thirty companies had to plow back into their business went up 63%.

That's quite a different picture than you get from reading the headlines of a news story which says "Oil Company Profits Double" or "Trebled." And keep in mind that it represents a gradual, six year growth, not an increase that took place just in one year such as the news stories of recent months have been referring to.

If we could take these figures out on the street and show them to people—or if we could revise our accounting practices so that our annual reports would reveal these true values—I don't think any honest American would find much to criticize about present oil industry profits.

We might run into a few people who would question our right to plow an increased 63% back into the business. But there are three very justifiable reasons for doing this. First, the amount of money that is available for plowing back each year fluctuates widely with the times. Consequently you have to build up "plant" in the *fat* years so that you can withstand the rigors of the lean years. Lots of years during the thirties there simply wasn't enough money available to make the improvements in oil properties, refineries, plants and equipments that we should have. So we have to do all that we can *when* we can.

Second, if we express these expenditures *relatively*, in terms of the *volume* of crude processed by the thirty companies, we find that adjusted capital expenditures were equal to 50¢ per barrel of crude processed in 1941 and only 48¢ per barrel of crude processed in 1947.

And finally, the only reason that we were able to improve wages and dividends was by improving our facilities. At Union Oil, for example, the average gross investment in facilities, tools, oil wells, etc. per employee was about \$30,000 in 1941. In 1947 this average investment per employee amounted to about \$50,000. This figure is difficult to adjust as it represents expenditures made over a period of years. But if we discount our additions of the last six years to the 1941 basis we can figure conservatively that the average investment approximates at least \$52,000. This amounts to an adjusted increase in tools-per-Union-Oil-employee of 40%.

Because these improved "tools" and facilities improved the employee's efficiency, he was able to *produce* more with each hour's work. And because he could *produce* more in a period when there was a steadily increasing demand for petroleum products, both he and the stockholders could *earn* more.



CHART C

COMPARISON  
Of Real, or Adjusted, Increases

Dollars Plowed Back	1941	\$258,000,000	Up 63%
	1947	\$422,000,000	
Wages*	1941	\$173 per month	Up 13%
	1947	\$196 per month	
Dividends**	1941	\$239,000,000	Up 11%
	1947	\$267,000,000	

\* Union Oil Employees  
\*\* Thirty Oil Companies

In fact, our improved efficiency—through improved facilities—is the one and only reason why we were able to show *any* improvement in real wages and dividends between 1941 and 1947. Because—contrary to popular belief—we got *less* real dollars for our petroleum products in 1947 than we got in 1941.

Our Chart D (above) compares the *real* or adjusted price of petroleum products with the real or adjusted price of an average of all other commodities. All prices, of course, went up in *dollars* between 1941 and 1947. But the *real* price of a barrel of petroleum products is determined by the amount of wheat, steel, cotton, lumber and other commodities *you can exchange it for*. That's why we've used average price of all commodities as 100. Only in that way can we get a true comparison of the *real* price of petroleum products. In 1941 the wholesale index price of our products was 65—35% below the index average of all commodity prices. In 1947 it was 59—41% below the average of all commodities. In other words, our *real* prices in 1947 were 9% lower than they were in 1941.

So in spite of the fact that we raised our prices in *dollars* during that period, we didn't raise them as fast as the *value* of those dollars shrunk. Our *dollar* prices were not only considerably lower than most others in 1947,—our *real* prices were actually lower than they were in '41.

Now in all fairness, I should point out that the price increases in the industry since January 1st have changed this picture some. As of August, 1948 the petroleum price index is only 28% below the average price of all commodities. So we are a little nearer to being back in line, although we're still a long way below most products. All our other figures will undoubtedly be changed this year, too, when the final tabulations come in. But I don't believe the *relations* will be too much different from what they were in '47.

Finally, I've tried to recapitulate the whole story (right). After we've adjusted these dollars that people toss around so glibly, we find that between 1941 and 1947 the adjusted dividends paid out to stockholders by

CHART D

COMPARISON  
Of Real, or Adjusted, Wholesale Prices  
1926=100

All Commodities—1941	100	
Petroleum Products—1941	65	35% Below
All Commodities—1947	100	
Petroleum Products—1947	59	41% Below

\* Note that 1947 average REAL petroleum prices were 9% under 1941

Pogue's Thirty Oil Companies has gone up 11%. The adjusted wages of a typical oil company—in this case Union Oil—had gone up 13%. The adjusted dollars that the Thirty Companies had plowed back into the business were up 63%.

The adjusted gross investment per employee in refineries, tools, oil wells, equipment, and so on had gone up—in the case of Union Oil Company—by 40%. And in spite of all this, our adjusted prices were down 9%.

So I think we have every reason to be *proud* of the oil industry's profit picture—instead of *sensitive* about it. Those figures show that we've kept pace with the changing conditions—through some very unusual periods—in a manner that's *remarkably* "in balance."

But the true facts about our profits and what the public *thinks* are two different things. It has always been a conviction of mine that the American people are a lot smarter than they are given credit for in many quarters—smart enough to make their own decisions and

(Continued on Page 23)

RECAPITULATION

From 1941 to 1947:

* Adjusted Dividends were	Up 11%
** Adjusted Wages were	Up 13%
* Adjusted Dollars Plowed Back were	Up 63%
** Adjusted Investment Per Employee was	Up 40%
*** Adjusted Petroleum Prices were	Down 9%
* Thirty Oil Companies	
** Union Oil Company	
*** Total Industry	





The TCC Unit at Los Angeles Refinery looks down upon a strangely incongruous scene as pickets, with tent headquarters across Anaheim boulevard, pace back and forth. Such scenes of disruption are causing many thinking Americans to ask, "Isn't there a better way?"

## ON STREAM AGAIN

The walkout was only a few days old when Company management called for non-striking employees to reopen Los Angeles and Oleum refineries. With about 300 men available at Los Angeles Refinery out of a former working force totaling 1200, it appeared at first that operations would have to be limited to proportionately few units. However, within a week 400 men had reported for duty, and the refinery, with a usual throughput of 60,000 barrels per day, had achieved a throughput of 70,000 barrels per day. Oleum Refinery, using 150 men in a plant that has been giving employment to over 1100, was soon processing 55,000 barrels of

crude per day, whereas 60,000 barrels are handled under full-scale operation.

Entire credit for these fine accomplishments—which, incidentally, have helped greatly in preventing a Pacific Coast gasoline famine—goes to the workmen. Some are men who, recognizing the strike as a bad job, have accepted Union Oil's invitation to return to work. But most are supervisors, foremen, managers and department heads—men who previously served their operating apprenticeships and advanced to higher assignments. As the necessity of recent weeks has demanded, they cheerfully donned hard hats and coveralls, and waded into



every task that needed doing. Refinery morale was never at a higher peak. Some office and laboratory men were pinch-hitting as gaugers, truck drivers and still-men. Men with long experience and high skills were not above doing menial tasks. The eight-hour day and quitting time were forgotten. In several instances, a department head might be found working under the supervision of a foreman. Nobody was complaining.

Increased accidents and fires are always a possible result of breaking in new refinery crews. Such has not been the case here. Plant hospitals report fewer lost-time accidents so far during the emergency, and the accident-frequency rate has also decreased noticeably. Neither were there any losses from fire. In fact, neither refinery was ever operated with less difficulty and fewer mistakes.

Why? Because every man had a big and important job to do. And every man *sensed* that his job was important. And the foremost objective of every man was to do the work safely and efficiently.

Every precaution was being taken to protect workers and property as long as any show of ill-temper persists. Living accommodations were provided for men inside the refineries. Sleeping cots appeared in many a laboratory and office. Hot meals of top quality were being served throughout the day and night, everything being "on the house." Movies, television, radios, books, magazines and an array of other amusements were provided for those who enjoyed the luxury of a few hours off. But the general pattern of life behind the picket fence was one of hard work and sound sleep.



One of several visible evidences of the refinery on stream again is had by glancing into this cracking-heater fire box of Unit 33.

Los Angeles Refinery, being located within the city limits of Los Angeles, had the benefit of excellent police protection. A large force of officers was constantly on hand to protect Company employees and properties against unlawful violence and sabotage. The city was also prepared to bring additional policemen to the scene promptly in case a disturbance of large proportions developed.

Unfortunately, a few acts of violence have been perpetrated against several non-strikers or their families. Missiles have been hurled at cars or through the windows of homes. A few workers have been struck by rocks. Others have been abused and manhandled. Most of such cowardly acts are committed at night by persons who are a discredit to the society in which they live.



Good food in ample quantities finds its way by any available means of transportation to a receiving platform of the plant cafeteria.



Sleeping-on-the-job has a different meaning during walkouts. Cots occupy many a laboratory not intended for experiments in relaxation.





Enroute with a full load of fuel and lubricants to the new highway now under construction, a Company truck pauses above a portion of Kings River Valley soon to be flooded by the new Pine Flat Dam.

## QUALITY products at work

**W**HEN a mountain dam is built and the reservoir starts filling, it is too late to consider relocating any old roads that will be covered by the rising water. Such work must be done beforehand.

Therefore, the old Trimmer Road that will be flooded by the reservoir of Pine Flat Dam is already in the process of being elevated some 500 feet. Morrison-Knudsen Company landed the Army contract for the new 32-mile highway and expect to have the rough excavation completed by Christmas. The road will be 24 feet wide, with an earth grade of selected granite soils, a four-inch depth of stream gravel sub-base, and a two-inch topping of SC-2 Road Mix Asphalt pavement. The latter represents many tons of this Union Oil product.

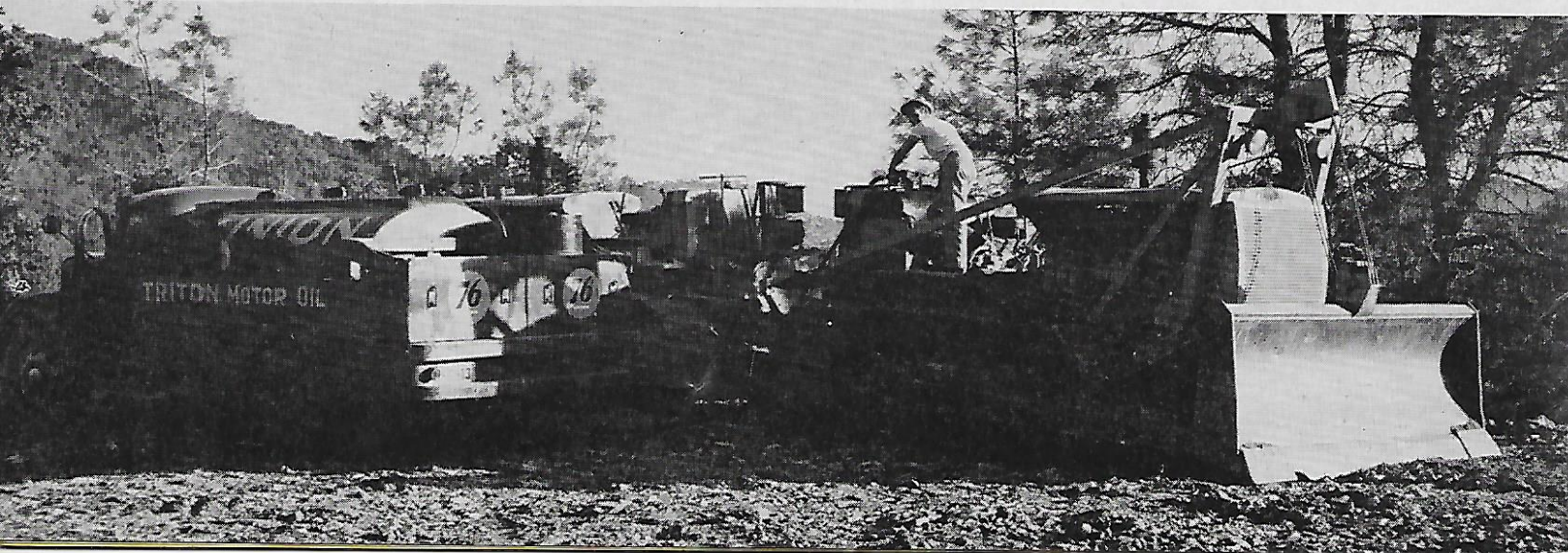
When completed, this new Kings River Road will do more than merely reroute traffic around a reservoir. It will provide California tourists with a scenic entrance to the grandeur of Sequoia and Sierra National Parks, where the 14,501-foot crest of Mt. Whitney tops the mightiest mountains of the Sierra-Nevadas.

Through the efforts of sales representatives at Sanger, Fresno and San Francisco, Union Oil Company is supplying all petroleum products needed on the job. Besides the asphalt, fuel and lubricants are being trucked to 15 bull-dozers, 2 water wagons, 3 AC Tractors (considered to be the world's largest), 1 Murphy Diesel Shovel, and 3 Koehring Dumptor Trucks.

Assigned to serving the needs of this account is William O. Avery, truck salesman at Sanger. Bill will make many hauls over rough mountain roads leading to the Sierra National Forest before the job is finished. He must know every piece of equipment, how much and what kind of fuel it consumes, and what Union Oil product to recommend for its lubrication.

—By Everett Smith

Truck Salesman Bill Avery is "hosing" Diesel into the fuel tank of a Morrison-Knudsen Company DC8 Cat-dozer. He keeps some 25 pieces of road-building equipment supplied from our marketing station at Sanger, and has to be a good judge of "Cat" appetites.





# Union Oilers

## PUSH-BUTTON IMPROVEMENT

One of the most tedious jobs in an oil company accounting office is the handling of credit order tickets, thousands of which arrive daily from our retail dealers. In the past, sorting has been done manually. Two girls were required in Northwest Territory alone merely to sort the tickets into their numerical order.

The installation of an IBM Proof machine at Seattle in February has proved to be a valuable experiment. This machine, designed for sorting checks in banks, now balances dealer remittance envelopes, counts the credit order tickets, sorts them according to ten credit card cycle groupings, provides the total value of tickets for each cycle control, and places a date-endorsement on reverse side of each ticket. In addition, the machine recently has been given the burden of sorting customer remittance slips in the same manner, thereby eliminating all cash posting to ledgers.

At Seattle, three girls, Hazel Crockett (below), Irene Dickson and Mary Taylor, have been trained as operators. They operate comptometers in addition to alternating one at a time at the Proof machine. Despite a recent 26 per cent increase in ticket volume, the equivalent of one full-time operator can now process all of our tickets and cash slips each month.

By Gudrun M. Larsen



## TANK-WAGON

It was just after World War I when the first "motorized" tank-wagons were put to work in Northwest Territory by Union Oil Company. Our pioneer fleet was composed of seven Packards. They rapidly inspired the retirement of all horse-drawn tank-wagons, hundreds of which had faithfully served customers with kerosene and fuel oil for several decades.

One of the ancient tank-wagons, No. 139, found its way from Corvallis, Oregon, to Albany where in 1918 it retired to back-lot duty as a storage place for gasoline and stove oil.

Recently the city of Albany, Oregon, held a centennial celebration. Our consignee at that point, H. L. Oberson (picture at top), felt that Union Oil Company deserved a spot in the parade. He recalled that the old tank-wagon still occupied its 40-year storage position and might welcome a tour down the main boulevard. Owner Howard Atheson, a Union Oil customer incidentally, was willing, and so No. 139 received new hope and a fresh application of axle grease.

When the Albany centennial parade finally rolled into view, not a single spectator failed to appreciate Oberson's unique entry. Many learned for the first time why "tank-wagon prices" are still part of the industry's vocabulary. The entry, pulled by a team of matched white horses, won a third-prize gold plaque. However, Oberson's two sons (above) clung to a later model in making their deliveries next day.

By Gudrun M. Larsen



# Union Oilers, Continued

## OLEUM VISITED BY S. F. STOCK EXCHANGE

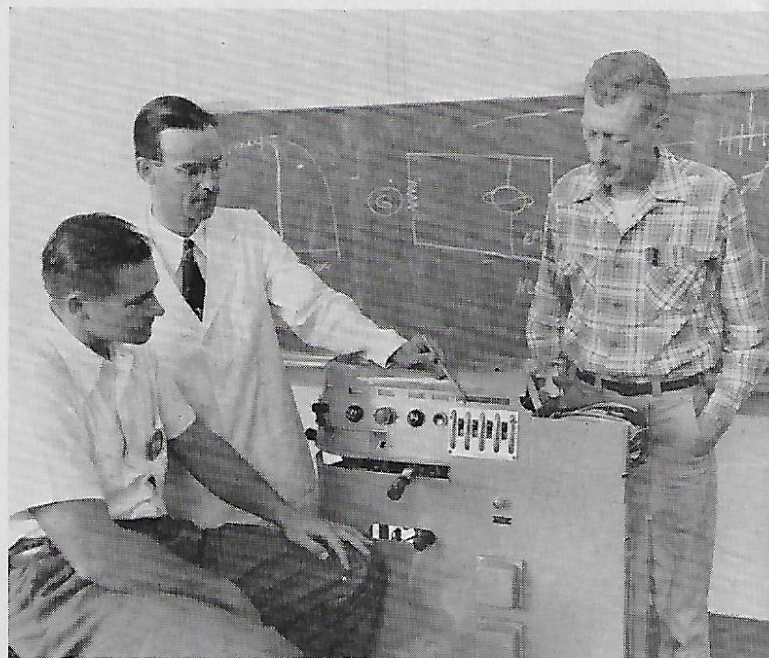
A tour of Oleum Refinery on August 12 by members of the San Francisco Stock Exchange was undertaken for the purpose of obtaining first-hand knowledge of listed securities. They have also visited important industrial operations of listed concerns at Portland, Tacoma and Seattle.

The party invited to Oleum included approximately 100 members from forty houses represented on the Exchange, plus investment bankers and newspaper men. They came from San Francisco in two chartered busses and spent about three hours in the refinery.

After receiving a general description of refining operations, the group split into parties of ten, each accompanied by one or two technicians who served as guides. They saw a number of units in actual operation before re-assembling at the Administration building to view a display of finished petroleum products.

Comments of the visitors were indicative of the courteous and considerate manner in which Union Oil people in and out of Oleum had cooperated. Each visitor carried away a special flow-chart souvenir of the occasion and undoubtedly felt that his friendship for Union Oil had risen several points.

By Everett Smith



## WORKING ON THE RAILROAD

From distant Schenectady in New York comes the above photographic report card concerning Union Oilers J. L. Broughten (left) and W. G. McDowell (right). They are shown with Instructor D. W. McLaughlin of General Electric Company. Sent from Los Angeles by the Company for a two-week course in construction, operation and maintenance of diesel-electric locomotives, they attended one of the first classes the American Locomotive Company has opened to students other than railroad men.



Following their get-acquainted tour of Oleum Refinery, members of the San Francisco Stock Exchange and their Union Oil hosts posed for this picture in front of Oleum's Administration building. In the front row, (L-R) are Hubert J. Soher, chairman of Exchange Listing Committee; Ronald E. Kaehler, president of Exchange; Douglas G. Atkinson, chairman of Exchange board of directors; and W. A. Newhoff, Union Oil Company vice president. At extreme left, holding paper, is Alan J. Lowrey, assistant to Union Oil president. Herb Hemmen, manager of Oleum Refinery, stands at extreme right, back row.



## In my opinion ...

Dear Editor:

In our opinion the August, 1948, edition of ON TOUR is one of the finest that has ever been released since we have had this publication in Union Oil Company.

First off, the color scheme has added immensely and should demand more thorough reading by employees, not to mention our families and friends to whom we will be proud to pass this edition. Secondly, the type of articles appearing in the August edition are highly informative, interesting and well written. To our way of thinking, the disclosure of information appearing in these articles makes us prouder than ever to be a part of Union Oil Company. Thirdly, your handling of district news is a sound improvement and forward step.

Mr. Taylor did himself proud in his address before the New York Society of Security Analysts, and we are indeed fortunate to have a man of his integrity, caliber and leadership at the head of our company. I can't remember ever having read a more comprehensive report of an integrated company. Let's have more of him!

R. E. D., Houston, Texas

Dear Editor:

After reading the last two issues of ON TOUR, I am convinced that we now have a company magazine equal to any of them. There was really nothing wrong with the style of previous editions, but the latest copies certainly more nearly conform to my idea of a company magazine than anything else I have seen to date.

D. T., Gulf Division

## OIL PROFITS—continued from page 17

make them wisely. But no decision is any better than the information on which it is based. And right now they simply don't have adequate and accurate enough information to come to a proper decision about our industry's profits.

Furthermore, there's only one place where they can get it—from the industry itself. So my only suggestion to you, in closing, is that we quit hanging our heads or changing the subject when the conversation veers around to industry profits. Let's go out among our friends, our employees, our customers and anyone else who will listen and *tell them* what those dollar profits mean in *true* profits. And let's keep telling them in our annual reports, our company publications, our direct mail, our company advertising and in any other means of communications that are available to us until they *do have* adequate information on which to decide whether today's oil industry profits are justified or not.

Thank you

Dear Editor:

Perhaps it would be expecting too much to suggest that ON TOUR publish organized labor's side of the wage controversy that is now in the strike stage. Why don't you give the boys a break?

A Bystander

Dear Bystander:

We have twice invited union representatives, once in the presence of a State conciliator, to use the pages of ON TOUR as a means of speaking their piece, no strings attached. We have not as yet received a single statement or letter. Our original offer still stands.

The Editor



## SERVICE BIRTHDAY AWARDS

OCTOBER, 1948

### THIRTY-FIVE YEARS

Horvat, Joseph L., Oleum Refinery Mfg.

### THIRTY YEARS

Bravo, Ralph E., H. O. Sales Service  
Stemmler, John W., Oleum Refinery Mfg.

### TWENTY-FIVE YEARS

Fitzgerald, Gerald R., Oleum Refinery Mfg.  
Leao, Jose T., Oleum Refinery Mfg.  
Nicholls, Thomas S., L.A. Refinery Mfg.  
Slate, Harold, Oleum Refinery Mfg.

### TWENTY YEARS

Barker, Emma, Central Territory  
Coles, Walter C., Oleum Refinery Mfg.  
Driesbach, Maynard B., So. Div. Pipe Line  
Greaves, Edw. R., Southwest Territory

Hawkins, Joseph A., No. Div. Pipe Line  
Hurst, George, Southwest Territory  
Joslin, John L., No. Div. Pipe Line  
Lough, Samuel T., Coast Div. Field  
Luckensmeyer, Earl C., Southwest Territory  
Schafer, Harry M., Southwest Territory  
Schoneman, Amos J., Southwest Territory  
Shaffstall, Richard M., Southwest Territory

### FIFTEEN YEARS

Adams, Lloyd E., No. Div. Pipe Line  
Banducci, Angelo G., Oleum Refinery Mfg.  
Brunot, Edward L., So. Div. Field  
Carman, Geo. N., Central Territory  
Crossman, Kenneth, So. Div. Automotive  
Davidson, Donald M., Northwest Territory  
Dunphy, Chas. A., So. Div. Automotive  
Fitzgerald, Edwin P., So. Div. Field  
Friend, Ralph W., Southwest Territory

Hill, Arthur O., So. Div. Pipe Line  
Hoback, Joseph Q., Coast Div. Field  
Owen, Theo. P., H. O. Comptroller's  
Poppi, Julius, Oleum Refinery Mfg.  
Reed, Edward G., Southwest Territory  
Small, Fred F. Jr., Coast Div. Field  
Smith, Chas. E., So. Div. Field  
Stranahan, Jessie J., Northwest Territory  
Turner, Robert S., So. Div. Field  
Vaughan, Kenneth C., So. Div. Field  
Walraven, Earl T., L.A. Refinery Mfg.  
Wilkinson, Howard B., Central Territory  
Wilson, Percy H., H. O. Mfg.

### TEN YEARS

Cassidy, Helyn P., H. O. Field  
Erickson, Walter C., No. Div. Automotive  
Frisvold, Elwood C., Oleum Refinery Mfg.  
Stevens, Ike, Oleum Refinery Mfg.





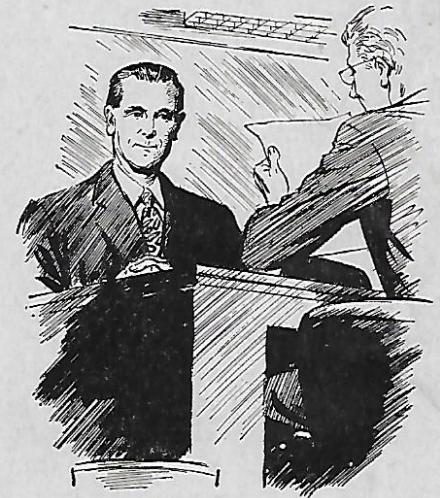
# The story of Neal McGinley



**1.** In 1906, at the age of 21, Neal McGinley came to the United States from County Donegal, Ireland. Five years later he moved to Lompoc, California, with his bride and went to work as a "pumper" in the oil fields for Union Oil Company. Today he is still doing the same kind of work in the same area for the same company.



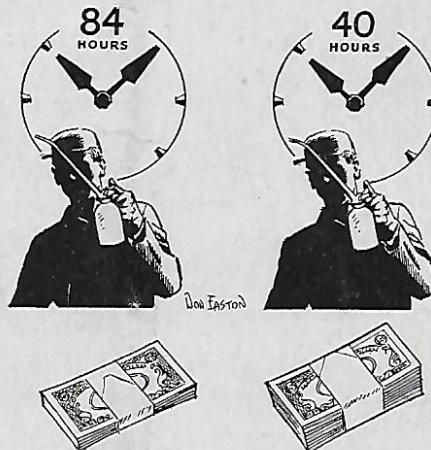
**2.** But during this 37 years with Union Oil Company, Mr. and Mrs. McGinley have raised a family of 7 children—6 boys and 1 girl. Two of the boys were killed in World War II.† Of the remaining five children, Francis, a graduate of U. S. C., is now manager of a welding equipment company; Ann, a college graduate, is married; Joseph is in the engineering department of an aircraft firm; Lawrence is with a utilities company, and James is a practicing physician in San Francisco.



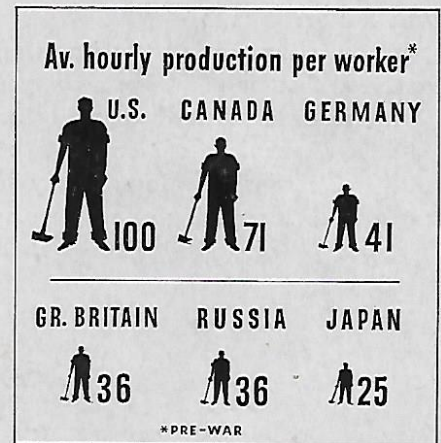
**3.** Neal McGinley gave us permission to tell his story in order to drive home one fact. He didn't achieve all these advantages for his family by becoming president of Union Oil Company. (In fact, the job he holds today is comparable to the one he held in 1911.) Neither did he do it by going into business for himself. He simply went to work.



**4.** But our American economic system offered him greater opportunity for *productive* work than he could have found anywhere else in the world. Work by itself means nothing. Only work that *produces* something—which a man can exchange for the things he needs—is of any value. Consequently the more a man can *produce* with an hour's work the higher his standard of living.



**5.** During the 37 years that Neal McGinley worked for Union Oil, his capacity to *produce* increased steadily. For during that time the Company increased the tools-per-employee more than threefold. Consequently production-per-employee went up. And, as a result, Neal McGinley has almost tripled his take-home pay. He makes 6 times as much per hour worked today as he did in 1911, and he works less than half as many hours—40 instead of 84.



**6.** In other words, even though we all don't end up as presidents and we all don't go into business for ourselves, the American economic system is still just as *important* to all of us. For each man's standard of living depends directly on what he can produce. And our American system has so encouraged the introduction of new tools and techniques that, year after year, the average American has been able to produce more and more and thereby continue to improve his standard of living.

†In honor of Lt. Raymond McGinley, P-51 pilot killed in England, and Corp. John McGinley, killed in the Battle of the Bulge, V.F.W. named their Santa Maria (Cal.) post McGinley Brothers Post.

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This series, sponsored by the people of Union Oil Company, is dedicated to a discussion of how and why American business functions. We hope you'll feel free to send in any suggestions or criticisms you have to offer. Write: The President, Union Oil Company, Union Oil Building, Los Angeles 14, California.