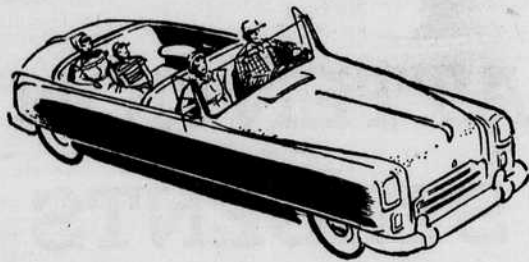


Gasoline costs you $\frac{1}{5}$ as much today as it did in 1914

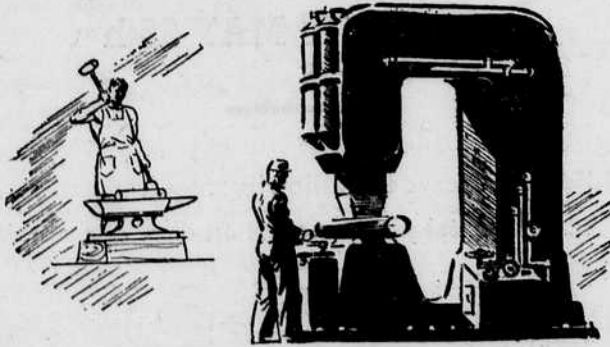


1. In 1914 a gallon of gasoline cost the average U. S. factory worker 42 minutes of work. By 1929 the average U. S. factory worker had to work only 18 minutes to earn enough to buy 1 gallon of gasoline. Today he can buy 1 gallon of gasoline with 12 minutes' work. And at least 3 minutes of that 12 goes for gasoline taxes.

Source: National Industrial Conference Board *Studies in Labor Statistics*, No. 3, 1950.



2. In other words, if you eliminate the gasoline taxes (which didn't exist in 1914) and compare the true cost of the product, you find that gasoline costs the U. S. worker just about $\frac{1}{5}$ as much today as it did in 1914 (9 minutes' work vs. 42 minutes' work). What's the reason for this?

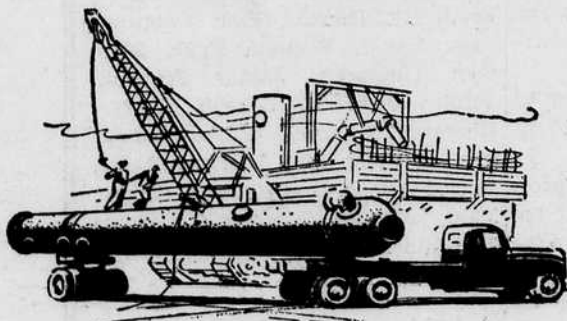
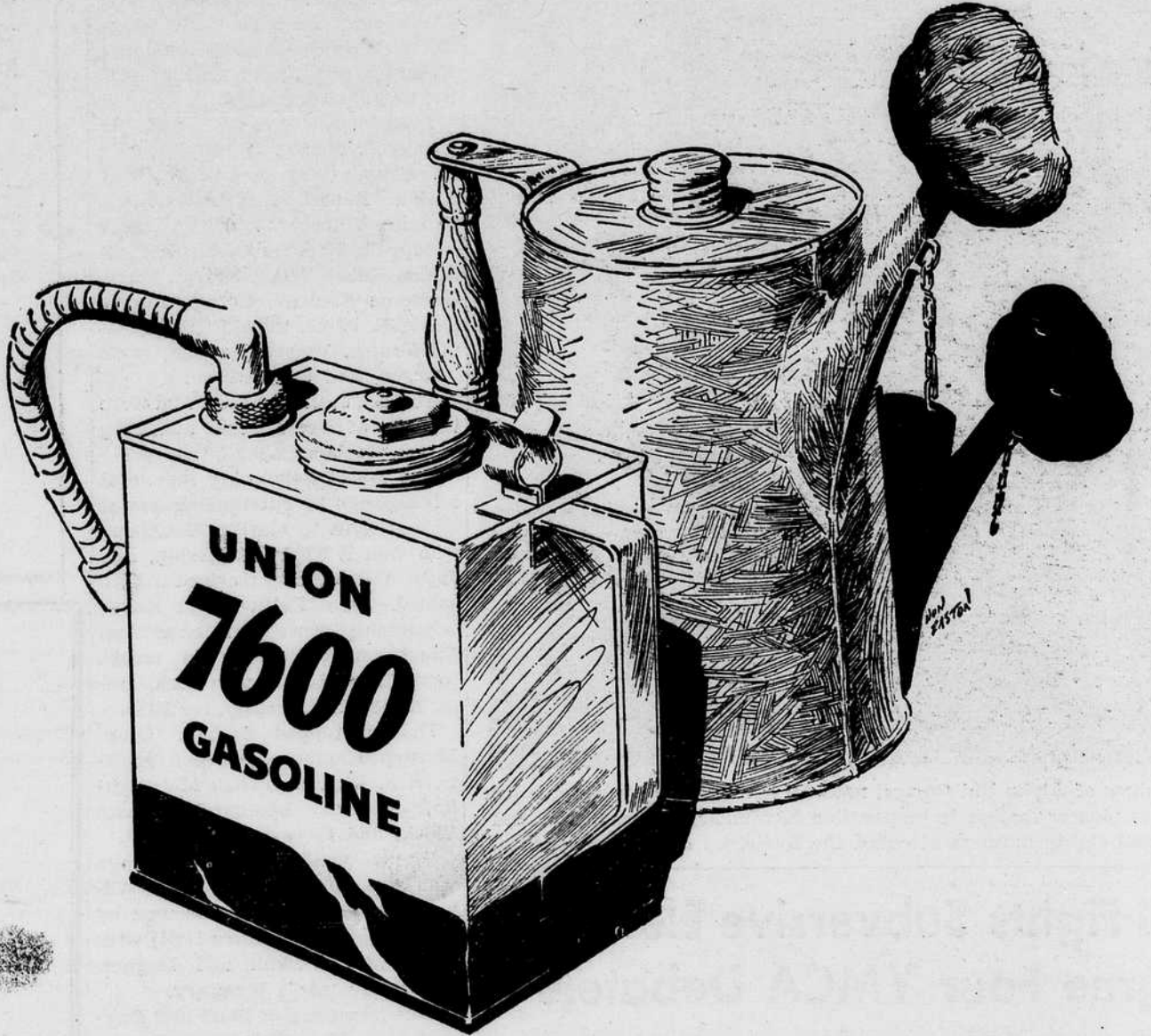


3. To begin with, the U. S. worker can produce 3 times as much goods with an hour's labor today as he could in 1914.* So he has to work only $\frac{1}{3}$ as long. In the second place, gasoline costs less. In spite of the fact that today's gasoline is infinitely superior to the 1914 variety, improved efficiency in our operations enables us to make it for just about $\frac{1}{2}$ the 1914 cost.

*Source: Tables 187 & 192, *America's Needs and Resources*, Twentieth Century Fund, 1947.



4. These savings in our operating costs, combined with the U. S. worker's increased productivity, have reduced the total cost of gasoline to about $\frac{1}{5}$ of what it was in 1914. This remarkable progress is largely due to one thing — tools. The 1914 U. S. worker had an average of \$1600 worth of tools at his disposal. Today's worker has \$6000 worth. Consequently he can earn far more with an hour's labor because he can produce far more.



5. A similar change has taken place in our own operations. Oil is no more plentiful today — in relation to the demand — than it was in 1914. But in the last 36 years Union Oil Company has invested about \$525,000,000 in "tools" and productive facilities. This mechanization of our drilling, refining and distribution operations has enabled us to cut costs tremendously.



6. The money to buy all those "tools"—both for the U. S. factory worker and Union Oil Company—could come from only two sources: people's savings, and profits plowed back into the business. So the thing to remember is this: Unless we preserve people's incentive to save, and allow American business to make an adequate profit, we'll never make the progress in the future that we've made in the past.

UNION OIL COMPANY OF CALIFORNIA

INCORPORATED IN CALIFORNIA, OCTOBER 17, 1890

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 17, California.