

"The Great Hippie Society"



An address by
Fred L. Hartley, PRESIDENT
Union Oil Company of California
at the 49th Annual Meeting
of Texas Mid-Continent
Oil and Gas Association
Dallas, Texas
Oct. 15, 1968.

In preparing a speech for oil people, it would be natural to limit it to problems of direct concern to the oil industry. It becomes obvious, however, that the decline of individual ethics and responsible behavior, accompanied by a rise in selfishness and the desire for special privilege, are germane to all sections of American life. It is with this context that "The Great Hippie Society" was conceived.

Thank you, Mr. Chairman, for your gracious introduction and good morning, gentlemen. It's a pleasure to be a part of the 49th annual meeting of the Texas Mid-Continent Oil and Gas Association.

It is also a pleasure to be in Texas among Texans — some of you may even be native sons. Texans are known, among other things, for their strength of character and love of their state. I learned the reason for their patriotism in an article about Texans that said, "his independence, strength and self-assurance may well spring from the knowledge that his Texas was there in all its national glory before its citizens joined the Union."

Those are fine words — independence, strength, self-assurance — and imply characteristics — whether of Texans or anyone else — that are truly admirable.

As you know, my company is headquartered in California, which is rather well known as the home of great creative people — a very few of whom are considered rather unusual. While we won't admit to everything of which we are accused, it is true that some of our citizens can be described more accurately as being "characters" — rather than having "strength of character."

One of the sub-cultures of our modern society that is said to have California as its birthplace is the "hippie" phenomenon.

The hippie is a species of humanity that is rather easily recognized. In the male, more than likely he has long hair, is bearded, wears unique clothing, and comes complete with jewelry but often without shoes. He most frequently seems to shun soap and water and sometimes may be identified by smell — if one is downwind from him.

What is not generally known and rarely admitted is that the hippie movement had its origin in the affluent part of our

society. Its leadership did not come from those who generally are considered under-privileged—they can't afford to be hippies.

Many of the hippies live in what originally were nice homes or apartments, drive late-model automobiles, and apparently do not work for a living. Their existence often is made possible by parents who usually are members of "The Establishment" which is hated with such passion by these parasitic offspring. The parents indulge their spoiled children with monthly contributions.

One sociologist says the hippies have the urgency of finding an adequate experience that would suggest what "has been so radically denied, distorted, and filtered out from the rich life of the rich child of the rich west." So you can see that the hippie is not really identified by his physical appearance—being a hippie really means more a state of mind and an attitude.

The hippie is characterized as one who has a lack of respect for tradition and for other people and their wishes. His responsibility is only to himself and not the community. He is a person who is irresponsible, self-centered, lives off someone else, takes actions which satisfy his immediate desires without regard to the results of this upon the future. To the hippie, the only really important objective in life is to "find his thing"—and then to "do his thing." The hippie wails for freedom and liberty but his actions reveal he wants special privilege and preferential treatment.

Another well known characteristic of the hippie is his announced intention of "dropping out" of today's society which neither appreciates nor understands him. I would like to suggest to the hippie that his reasons for "dropping out" are wrong. If he looks around him, he can find many adults in all walks of life who exhibit many of the same characteristics as he—particularly an insatiable desire for special privilege. They are difficult to recognize by their physical appearance but their mental processes and intellectual behavior make them easy to identify.

It may be an exaggeration but it would not be wrong to describe the dominant environment in which we now live as "The Great Hippie Society."

There's a well-known quotation from Shakespeare which goes —

"All the world's a stage,
And all the men and women merely players."

About a hundred years later Jonathan Swift wrote —

"Life is a tragedy wherein we sit as spectators for
awhile and then act out our part in it."

Picture with me, if you will, a real tragedy—"The Great Hippie Society." Sit with me as a spectator as I point out some of the actors upon this stage—all of whom are hippies. Then I would like to comment about how we can act out our part.

Player Number One — the Wall Street Hippie. Here we see the self-centered investment manager, broker or security analyst seeking inside information on a preferential basis. By such tactics, the market can be played to the advantage of a few and the resultant skinning of unsuspecting investors. Such irresponsible tactics have happened to such a degree as to be of concern to the Securities and Exchange Commission and the Congress.

Business management in this act should play its part to counter the Wall Street Hippie by disseminating full pertinent information about our companies on a continuous basis as broadly and simultaneously as possible so that all investors have equal opportunities to make their decisions. We should not be trapped or cajoled into irresponsibly answering the crafty questions of the Wall Street Hippies.

Player Number Two — the Industrialist Hippie. This so-called "free enterpriser" seeks to take advantage of low interest, nontaxable revenue bonds in order to build an industrial plant. His "thing" is to prosper with reduced debt expense at the expense of his competitor who doesn't seek public charity.

After requests by many responsible citizens, the U. S. Senate finally agreed with the Treasury Department that this was not right and should be outlawed. They weren't willing to go all the way, however, and considered a law which said that this device could not be used unless it was for a plant under \$1 million in value. This conjures up the old joke about being "only slightly pregnant." The last I heard, a Senate committee decided that the limit ought to be raised to \$5 million. In addition to being discriminatory, this raises the spectre that an

extremely smart Industrialist Hippie would figure out how to split up his construction program into several parts and use revenue bonds for each portion — thus enabling him to escape the intended limits.

Our part with this “bad actor” should be to insist that our senators and congressmen eliminate completely this legalizing of special privilege. If it’s bad, it’s all bad — not just \$1 million bad or \$5 million bad. And may I point out that those who avoid paying taxes by investing in nontaxable industrial bonds are irresponsibly asking other Americans to pay for their wind-fall.

Player Number Three — the Organized Labor Hippie. This one goes his own way without regard for the effect of his action upon others. His responsibility is to his members alone and not the community at large. One needs only to study the ridiculous concessions recently extracted from business with the winking silent approval of the highest governmental authorities to realize that no longer are wages and employee benefits tied to productivity. The obvious effect is to maintain and increase the inflationary spiral that hits fixed income, retired and low income families the hardest. While the Labor Hippie does “his thing,” society suffers.

A resolution passed recently by the National Association of Home Builders declared that the “wage demands in the home building industry indicated a continuing irresponsibility for the welfare of millions of Americans in need of suitable and economic housing.”

Now comes the request by organized labor that retirees’ income be increased to relieve the effects of inflation — inflation which is caused primarily by militant labor’s constantly increasing wage demands in excess of productivity. Another obvious result is that the United States is becoming less and less competitive in world markets, resulting in the current crisis in the nation’s balance of payments.

Our part in this act should be to insist that our elected representatives and governmental officials put the same restraints upon labor’s demands that they do upon industry’s pricing policies.

Player Number Four — the Mass Media and Madison Avenue Hippie. Included in this character’s bag of tricks are TV pro-

grams beamed into our nation’s homes every day that promote individual irresponsibility in society and generate increased crime.

Unfortunately, in this case the businessman assumes the role of the hippie parent by sponsoring these moronic and vicious programs or paying for spot ads that appear during the commercial breaks.

A proper role for responsible businessmen to assume in this act would be to withhold advertising expenditures just before, during and just after TV showings of crime and violence.

Player Number Five — the Marketing Hippie. This is the fellow who, with cooperation from his business client, devises all the ridiculous forms of marketing promotions we see today. Imagine trying to build character and respect for business in a child who year after year sees his mother, every Sunday afternoon upon returning from church, licking trading stamps or matching cards or coins in order to recover part of the price she pays all week for groceries and gasoline. And the poor ladies when they exchange their stamps find the merchandise is priced well above the free market.

It is time that business provided leadership to obtain federal legislation to eradicate all the various forms of tie-in merchandising, of which the major offender is trading stamps.

Player Number Six — the Politician Hippie. This type of hippie doesn’t live off indulgent parents — he lives off the indulgent taxpayer. The Politician Hippie really covers many, many types but generally can be classified as one who is self-centered, ignores his responsibility as a whole, and says one thing but does another.

He can vote for reductions in spending and then vote to exempt his pet department or bureau from this requirement. He can plead for economy but propose spending within his own district to help with his re-election. He tells our elderly citizens he favors increased old age pensions, organized labor that they will always have a pipeline into his office, young people that their protests have validity, businessmen that economy in government will prevail, wage earners that inflation will be curtailed — in short, something for everyone — and supposedly all with reduced taxes.

The role we can act out here is obvious — assume greater

political responsibility both within our companies and with our employees. Let us not be so naive as to become identified with only one political party. No party has a monopoly on candidates who believe in the private enterprise, free market economy as the basic means of keeping America strong. Each party can, and does, present representatives who adhere to the policy of economy and efficiency in the operation of government. Each party can, and does, present representatives who support the concept that self-help programs are more effective than government subsidy or dole.

I suggest to you that American businessmen, of all people, should be astute enough to realize that party label is no guarantee of political philosophy. Politician Hippies ride both elephants and donkeys. We should be wise enough to assess each person running for office on the basis of his own pronouncements and voting record.

Player Number Seven — the Governmental Administrator Hippie. This irresponsible actor on our stage of life can be identified by his desire for power — this lust for power has become his “thing” and he is “doing his thing” like crazy.

This hippie also lives off the indulgent taxpayer as he pursues his course of empire building. One of the more recent examples of this hippie syndrome was the sulfur oxides report prepared by the National Center for Air Pollution Control of the Department of Health, Education and Welfare. The announced objective of the study was to pull together all the scattered research efforts — hopefully to achieve some coordination and economy. Instead, during a time the country is looking for economy and fiscal stability, the report calls for a greatly expanded program that would cost \$443 million — many times more than the combined total of all the current programs and duplicating the efforts of private industry in several cases.

The responsible citizen's role in this act really depends on how well he does in replacing the Politician Hippie. If efforts to elect responsible people to public office are successful, then it will be possible to demand that bureaucratic boondoggles be eliminated or, at the very least, reduced.

Next is Player Number Eight. But before I discuss him let me say I could have given examples of many other kinds of hippies — the Educator Hippie, the Clergyman Hippie, the Movie-maker

Hippie, the Lawyer Hippie, including some judges — and I will leave you to your imagination to think of others.

Player Number Eight — the last one on my list — the Oilman Hippie. There are a lot of them around today or maybe I just notice them more because they live in my business neighborhood. They are past masters at pursuing their own interests in collusion with the executive branch of government with complete disregard for the predatory effects of their actions on their competitors.

The Oilman Hippie's “thing” is special privilege and preferential treatment, of which there are many examples. These special privileges include assigning imported crude to the refining industry on a sliding scale that defies logic and results in subsidizing and perpetuating uneconomic small refinery operations — and incidentally, this has led to the formation by larger refiners of concubine refineries so that they too can participate in a small refiner's higher percentage import quota — capriciously granting multimillion dollar gifts in the form of special import quotas to refineries established in Puerto Rico and the Virgin Islands using the flimsy excuse of assisting anti-poverty programs — and, last but not least, the so-called foreign trade zone concept.

The result of all this is that the oil import program has become severely distorted by special privilege and preferential treatment. From its present operation, it is nearly as hard to recognize the original intent of the program as it is to tell a boy hippie from a girl hippie. It's possible — but it isn't apparent by just looking.

As a matter of fact, the mandatory oil import program has deteriorated to such a point that the domestic refiner today actually suffers a competitive disadvantage in United States markets, as well as in overseas markets.

I have prepared some questions and answers to illustrate the differences between what foreign refiners, including those operating in Puerto Rico and the Virgin Islands, and domestic refiners can manufacture.

Question — Who can use quota-free foreign crude oil to make import ticket-free low sulfur fuel oil for sale in east coast markets?

Answer — Foreign refiners — yes.
Domestic refiners — no.

Question — Who can use quota-free foreign crude oil to make aircraft fuel for sale as bonded jet turbine fuel in the U. S. market?

Answer — Foreign refiners — yes.
Domestic refiners — no.

Question — Who can use quota-free foreign crude oil to make naphtha distillates for sale to U. S. chemical companies with quota tickets?

Answer — Foreign refiners — yes.
Domestic refiners — no.

Question — Who can use quota-free foreign crude oil to make No. 2 distillates for sale in U. S. under Oil Import Administration special quotas?

Answer — Foreign refiners — yes.
Domestic refiners — no.

Question — Who can use quota-free foreign crude oil to make products for sale to export markets?

Answer — Foreign refiners — yes.
Domestic refiners — no.

Writers often use a technique called hyperbole — which is defined as “exaggeration to intensify what is being mentioned.”

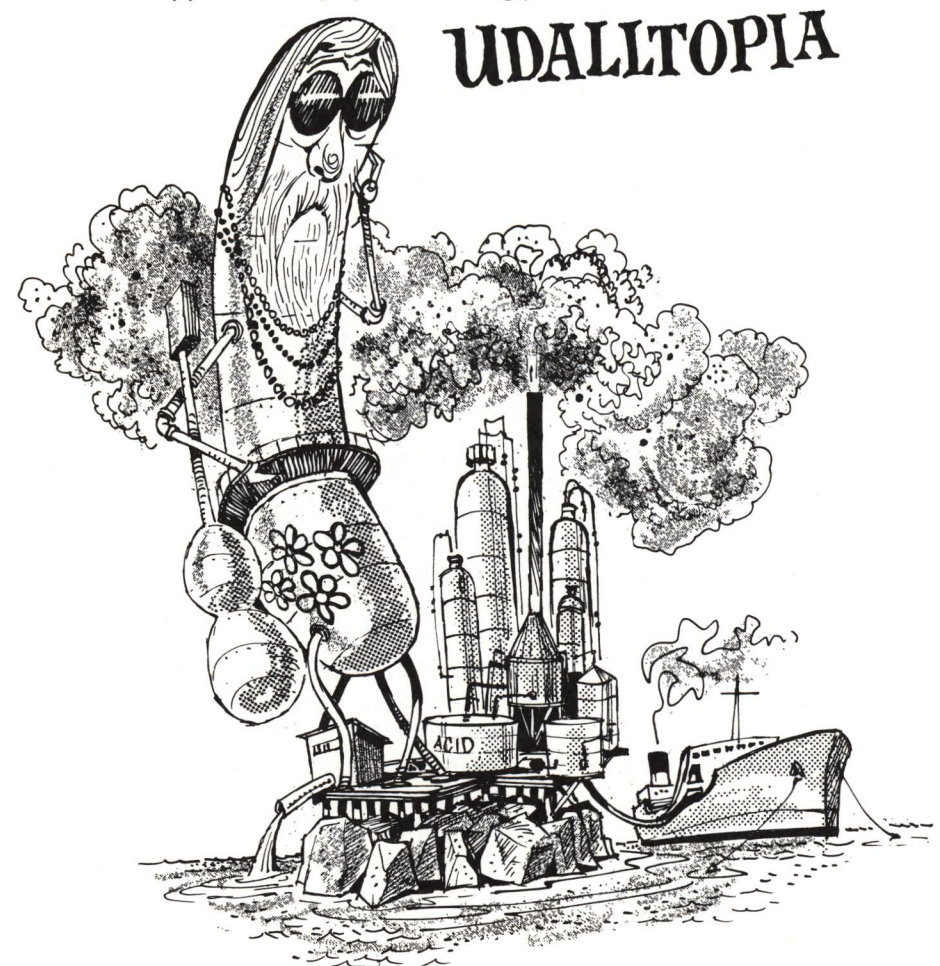
Let me indulge, for a moment, in some hyperbole to illustrate the advantages foreign refiners have over domestic refiners.

A domestic refiner can become a foreign refiner by locating in an existing foreign country. Or, you can even conceive the creation of a foreign-owned synthetic island built as a platform beyond the territorial limits of the U. S. coast.

One might even call this mythical country — Udalltopia! It would be expensive and somewhat inconvenient but with the technology developed in offshore drilling, and by using foreign steel and equipment, along with foreign labor, a simple refinery could be constructed and operated. The refinery could be designed to use Libyan crude and produce only low sulfur fuel oil, turbine fuel, and naphtha distillates. The Libyan crude could be hauled in foreign tank ships at a considerable saving over

U. S. bottoms. The low sulfur fuel oil could be sold on the east coast without any import quota limitations. The turbine fuel could be sold in the U. S. bonded jet fuel market without import quota limitations. The naphtha distillates could be sold to domestic chemical companies to the extent of their special quota tickets — and all three of the products could be hauled in foreign tankers at a considerable saving.

The obvious conclusion is that a foreign refiner could convert the lion's share of a barrel of quota-free foreign crude oil into products that could slip into the U. S. without regard to the so-called mandatory oil import program. The result would be a real hippie refinery. (See drawing.)



And, believe it or not, when you create a foreign trade zone in the United States you have simply relocated your offshore hippie refinery on U. S. soil.

Very frankly, to the extent Occidental Petroleum Corporation wishes to refine foreign crude oil in Maine to make products that currently, for one reason or another, escape import controls, I can have no quarrel. Why should not a domestic refiner have the same sales privileges in the United States as a foreign refiner? But when Occidental seeks the cooperation of executive government to establish this activity for itself and, in addition, demands a special import quota for gasoline and midbarrel products still under the mandatory import control program, then its project becomes a self-serving hippie crusade and should be denied.

Now, if the oil industry and executive government wish to have the United States declared a foreign country in respect to the manufacturing of fuel oil to supply District I and the bonded jet turbine fuel market, who could argue? For the first time these U. S. markets, now limited to foreign refiners, could be supplied by existing and new refineries located in the United States.

Also, would this not strengthen the U. S. defense posture? And before I forget, there are other hippie forces about in Washington today that are seeking the complete elimination of import controls in the state of Hawaii. In other words — a super foreign trade zone.

The Interior Department has become the indulgent parent of these Oilmen Hippies. Its tendency to yield to special interest groups is a matter of public record. Further, the shameless pandering to the Oilman and Politician Hippie taking place in Maine makes a mockery of the oil import program and is a sad reflection on all those involved in its administration. The time has come to formulate policies that will restore competitive equity among refiners who compete for the U. S. market.

Last April, in a talk to the National Petroleum Refiners Association, I suggested that we remind ourselves that the whole purpose of the oil import program is to retain a strong domestic oil industry — with adequate producing and manufacturing capacity — to provide for our national security. Any change in the program should chase out the hippies.

Any change should remove personal and corporate greed from the allocation of import quotas, eliminate special privilege, and expand the exports of petroleum and all products manufactured from it by oil refiners and chemical companies. The program should bring stability to the marketplace so that prices for both crude oil and products will reflect a competitive environment free of the predatory marketer with special privilege — the fellow with the special gasoline product quota and the other fellow with the high percentage of foreign crude refinery input.

Let me add, parenthetically, that we should not forget that the fellow with the special privilege can sell for less because he buys for less. The effect of this special privilege to a few results in the disruption and lowering of product prices for all. This in turn exerts a downward pressure on crude oil prices. Thus in this environment of sadistic privilege, the domestic oil industry finds itself being slowly strangled in a web of loopholes spun by the Secretary of Interior in concert with the Oilman Hippie.

At the NPRA, I presented what I thought was a way to achieve the desired objectives. No doubt I could improve upon my suggestions of that time. But that will have to wait another day — say shortly after January 20, 1969.

In the meantime, let us fight all privileged proposals now before this present administration and freeze present rules and regulations until the next administration takes over. And further, let us go on record that we will seek to unwind the privileges already granted — especially those now up for consideration in the event they are approved — with the objective of re-establishing competitive equity and fair play in the oil industry and in America.

The next time you see a soiled and hairy hippie, don't be over-reactive. He could well be a dramatic representation of organized labor, business, political, educational, and institutional leadership in this country today.

If you need motivation for taking constructive, responsible action, remember the men who are dying and sacrificing in Vietnam in the belief and confidence their noble efforts will not be in vain.

I challenge you to admit with me that we are all, in varying

degrees, guilty. The Bible says, "To everything there is a season, and a time to every purpose under heaven."

I suggest to you that now is the season for responsible men to dedicate themselves to the elimination of those practices in all walks of American life which have led to our degeneration into "The Great Hippie Society."

"The Great Hippie Society"



An address by
Fred L. Hartley, PRESIDENT
Union Oil Company of California
at the 49th Annual Meeting
of Texas Mid-Continent
Oil and Gas Association
Dallas, Texas
Oct. 15, 1968.