

Now, they did not make the effort of cooperation. They fought it all the way through the courts and I think nobody was sorry to see them go out of business and it so happens that the individuals who were working in that plant now have other occupation in the vicinity so there has been no loss from the employment standpoint but this can happen, and I plead that where you have marginal operations, programs can be worked out but they have to take time. Otherwise, the communities involved might lose a major source of income, and this is the real problem. It is not the big new mills. It is the oldtimers that are causing this.

Mr. DADDARIO. Gentlemen, I have got to advise you all that Mr. Knowlton has a 1 o'clock plane reservation.

Mr. KNOWLTON. Mr. Chairman, I'll stay just as long as you need me.

Mr. DADDARIO. We can get further questions to you and I know how difficult it is to get from one city to another these days.

Mr. VIVIAN. Mr. Chairman, I have about 2 minutes worth of questioning in mind. The mills in my area happen to be between 40 and 50 years old. Therefore, they have the problems of old mills. However, they have accumulated profits over that time and have amortized their costs over 50 years.

Mr. KNOWLTON. Excuse me. Section 531 of the Internal Revenue Code does not permit you to accumulate profits.

Mr. VIVIAN. They have produced profits which could have come back into the business for pollution reduction. That code I totally agree with. Therefore, you are in a position of continuing improvements over the future as well as in the past. Maybe 10 years of improvement doesn't necessarily represent 10 years of profits. I point out that the economics are nowhere near as bad as they seem from the comments you just made.

The second question I would like to ask you is, What requirements are being placed on the mills you have next to the ocean? Are you being required to upgrade the quality of the effluents going directly into the ocean?

Mr. KNOWLTON. I think this is particularly true in the Puget Sound area.

Dr. GEHM. Yes, sir.

Mr. VIVIAN. Is it true? Where in Georgia, for example?

Mr. KNOWLTON. In Savannah, agreements have just been made for treatment.

Mr. VIVIAN. I would like to go into that subject further in the record. What treatment is required for plants whose effluent flows directly into the sea?

Mr. KNOWLTON. I would like to make this point that progress is being made. It is time consuming. From all the factors that we are talking about, in other words, there is no point in saying, "All right, tomorrow we will go out and spend a million dollars to do this." You have got to get the engineering done and you have to have the basic surveys, Mr. Raynes, in advance, in order to know what you are doing in order to apply the engineering and this all takes time. The New York State program of pollution abatement involves a series of conferences with each source of discharge. These conferences attempt