

Mr. HARTUNG. They can keep operating. I don't know, the bidding on timber there is a little bit ridiculous. As I pointed out, I have been on the advisory board of the O. & C. lands for 14 years.

I know 10 or 15 years ago—no, not 10 or 15, but 8 or 10 years ago—that they were bidding \$65 and \$70 for stumpage out in the woods. That is long before we ever sent a log over to Japan or anybody even thought of sending them over.

The other day the O. & C. land put up a bid. They didn't list the company. They put it up for \$50,000 and some hundred dollars. The guy bid \$54,000. Now, it must have close. I don't know where it was. They didn't list the company and, of course, they do this a lot of times, in order to use it for income tax purposes.

When the end of the year comes around, they go out and bid up and then they say, "This is what our timber is worth, and this is what it cost us to put it through our mill." They have got a gimmick there.

Senator HATFIELD. So it is not really to keep the mill operation going—

Mr. HARTUNG. No.

Senator HATFIELD. (continuing). But for income tax purposes?

Mr. HARTUNG. To confuse Uncle Sam a little bit when it comes to paying taxes.

Senator HATFIELD. Then, is it not also true, Mr. Hartung, that some of these large mills or large companies which your union predominantly represents also sells logs to Japan?

Mr. HARTUNG. Yes, sir. Weyerhaeuser sells some, and Crown Zellerbach sells some. We have the Aberdeen Local that has 12 to 14 hundred people. The only outlet they have there is the pulp plant of Weyerhaeuser. The rest practically all goes, or they have to ship it a long way to get it to some mill.

The same is true down around Seaside, Oreg. That local down there, Crown Zellerbach, they ship a lot of their logs. As you go down to Regis Point, Coos Bay, and the Ford Lumber Co. is putting in or already has put in a big shiploading place—at least they are going to if they haven't completed it, and they are going to send the chips over to Japan also.

Senator HATFIELD. I think it is very obvious, the reason I am pursuing this line of questioning is that I think, as you appear here today, it is a very significant fact that you represent within the States of Oregon and Washington over 42,000 men as union members, and I think this is very significant, and I think it is also very important to understand that the major, the overwhelming percentage of these 42,000 men who you represent are employed by the large mill operations who have much timber of their own, who themselves sell logs to Japan, and so therefore may be in a little different viewpoint than some of the small- and medium-sized companies.

Now, going to the medium and small operators, I would like to ask you some further questions on the statement that you made, that you felt that it was not the Japanese log exports that they really have as their problem, but you list a number of other factors, such as the building market, the interest rates.

Then I think you indicated, too, the obsolescence of many of these mills. Mr. Hartung, would you for my benefit and for the record, indi-