

cate to us a little bit of what constitutes obsolescence in small- and medium-sized mills that have been going by the board, so to speak?

Mr. HARTUNG. Well, most of what I call the small mills, they still have a burner. They burn up all the outside, what they slab off the logs. They have no way of utilizing it.

Now, down around Springfield, when they built that pulp plant along the highway there, some of the smaller companies did get together, and they put in chippers, and they started to utilize the slabs.

But this is a given area there where they had foresight enough and invested some of their money in order to utilize, and those mills are still running.

The ones that aren't running, as you go down in between Roseburg, and go on down, they still burn up all the slabs down there, and they depend entirely upon sawed lumber.

As I pointed out, a sawed board today is not a commodity that the builder wants to use other than the structural stuff, and maybe the framework of the building. Otherwise, they want plywood or particle board and stuff like that, and that is the reason they have trouble.

They have got only one way that they can put that commodity on the market. What they don't utilize, actually the big profit is made by some of these big mills in what you might call a depressed market, and the lumber prices today are still not what they were, are not anywhere near what they were during the Second World War. But still Weyerhaeuser last year came out with some \$46 million net profit.

They are going to come out with that same thing this year. Now, when you bring in a log it costs just as much to bring in the bark as it does anything else. But if you burn that up and don't utilize that, that is a loss. But when you utilize that, you might say that they get their raw material for nothing, and that is the same thing that is true of the slab. So that is where these people are making money, and that is where the little guy that can't do that, he is not in a competitive position with them.

Senator HATFIELD. Mr. Hartung, what about obsolescence, the role of obsolescence in some of the small and medium-sized plywood mills which have shut down, where you are not dealing with a sawed board as a product, but you are dealing with a product of plywood, which supposedly there is a market for. What constitutes obsolescence?

Mr. HARTUNG. Well, they put it together this way, by hand. They have a whole lot of people. One puts this down, and one puts that down, and they lay it down by hand. You go down to the automatic mills, and you feel the raw material in, and it comes out put together.

You have got two men on the chain, and that is the difference.

Senator HATFIELD. So automation really, then, becomes almost the answer.

Mr. HARTUNG. That is right.

Senator HATFIELD. For the small- and medium-sized operations.

Mr. HARTUNG. They just can't compete.

Senator HATFIELD. They can't compete, with manual labor.

Mr. HARTUNG. They have to pay the same wages, as do the one that is automated, and when you go into a plywood plant you will see them spreading the glue on by hand, and you will see somebody lay this down, and somebody lay that down. That is the old-fashioned plywood.