acres. The management of this huge area, larger than the State of California and which now grosses about $200 million annually from the sale of timber, depends on timber access roads. With proper road development the income from these lands to the Government can be increased substantially.

It would be poor business not to insist that these properties be managed to produce to their fullest capacity consistent with sound forest management principles. Therefore, it is imperative that funds authorized by this bill be used for construction of roads which will produce the maximum returns to the economy and the Treasury.

We also recommend that forest road construction plans be carefully examined to seek reductions in costs per mile to the lowest practical level. Many roads can be built to workmanlike standards for timber harvest now and be upgraded later to handle anticipated future traffic and uses.

Your committee has recognized over the years the exceptionally long-term type of considerations that are necessary for forest management. The same principles apply to forest road planning. We suggest that the agencies give full consideration to interest rates, that is the cost of money, when considering construction standards, that are based on a quantity and kind of road use anticipated in the future. Even if total outlay might be greater for stage construction by taking into account the elapsed time between outlays and the consequent application of the discount principal, true cash outlay for stage construction may be the lesser total cost. This principle is particularly important now when interest rates are at an all-time high and when the need for economy in Government spending is so imperative.

Industrial Forestry Association supports enactment of an authorization for forest development roads and trails for the fiscal years ending June 30, 1970, and June 30, 1971, at the same level of $170 million per year as per the bill enacted 2 years ago. We believe this essential if the national forests are to be continually developed for sale and harvest of their full allowable timber cut and any increased allowable cuts resulting from new inventories which reflect improved technology of the wood-using industry.

As in 1958, 1960, 1962, 1964, and 1966, we would again seek the committee's serious consideration of our recommendation that the authorization for forest development roads and trails be segregated into two items; namely, (*a*) construction and (*b*) maintenance. This is essential to assure the authorization of adequate funds to maintain the ever increasing mileage of the permanent timber access and other roads on the national forests. Segregation of the two main items in our opinion would assist the Appropriations Committees in their analysis and justification of the Forest Service budget request for road funds.

We again appreciate the opportunity of supporting reenactment of the biennial authorization of funds for timber access roads and would be glad to provide the committee with any further information desired on this subject from our operating region in Oregon and Washington.

(Charts referred to in Mr. Hagenstein's statement follow:)