Mr. KLUCZYNSKI. We would like to make this part of the record in its entirety.

(The prepared statement follows:)

STATEMENT OF WESTERN LUMBER MANUFACTURERS, INC., SAN FRANCISCO, CALIF.

Mr. Chairman and gentlemen, I am George A. Craig, Secretary-Manager of Western Lumber Manufacturers, Inc., an association of timber purchasers who are dependent on national forest timber. The association has 46 member firms which operate 60 plants, mostly in California. We are concerned about the proposed reduction in the authorization for the construction and maintenance of national forest roads and trails.

It is a particular pleasure to appear before this committee because of its knowledge of conditions in California. In 1964, Mr. Chairman, we recall that you and your colleagues received testimony at San Francisco on timber-access problems and saw some of the road problems at firsthand in the forests. We also know that you are aware of the 10-year program for the national forests which was reviewed by Congress after its proposal by the Administration in 1962. The Generally-accepted road program outlined in that plan for California for F.Y. 1963-F.Y. 1972 included:

	Miles	Cost
Forest Service construction	13,877	$211,606,000
Timber purchaser construction	5,578	78,463,000
Total	19,455	290,069,000

In the first half of the plan period, ending June 30, 1967, the Forest Service has constructed only 415 miles (3 percent of their share) at a cost of about $34,100,000 (only 16 percent of the estimated total planned Forest Service cost). In the same five years, timber purchasers have built 3,700 miles in California national forests (about 60 percent of their estimated total).

This lag in the development of the national forests seriously affects costs and benefits of both a monetary and social nature. Examples are evident in fire losses, fire control costs, administrative costs, limited recreational use and limited returns for timber.

We are primarily concerned, of course, with the effect on the timber program. This is one program that should not be looked upon as just another fiscal problem. Roads for timber access are an investment opportunity which will provide the government with an immediate substantial return in addition to the recovery of the initial investment and the capture of a variety of important social benefits. Not the least of the latter is the provision of a resource base for industrial employment in areas of economic stagnation.

California data can illustrate the problem and the opportunities. The national forests there contain more than half of the timber that is not reserved from commercial use in that State. The Forest Service is selling timber at the current allowable-cut level of 2 billion board feet per year. The harvest reached that level in F.Y. 1966, when California timber purchasers paid nearly $30 million ($29,725,405) for national forest timber. The cut in F.Y. 1967 was 1.75 billion board feet for which $25 million was paid. In these two years, timber purchasers also completed permanent-road construction valued by the Forest Service at $30.4 million. The two-year total of cash payments and system-road construction by timber buyers was $85.1 million.

For many years the government has been requiring its customers to build permanent roads if they wished to buy timber. The price of the timber is reduced by the Forest Service's estimate of what the roads will cost to build. Instead of building the permanent road system with appropriated money as a capital investment and charging full value for the timber, the government has been "expensing" its roads by trading timber for them. The effect in California in calendar year 1967 was a 40 percent reduction in the advertised price of the timber. This approach results in some inequities for timber buyers and some real disadvantages to the government.