The yellow line, Line 4, represents the Federal income tax that will be paid by Douglas Studs employees, logging and trucker contractor employees, and by Douglas Studs as a corporation.

These mill and woods employees, with over five hundred dependents, will, in the aggregate, pay about $68,000.00 in Federal income tax for the year 1968.

The corporation's income before taxes, calculated on timber sale appraised profit risk margins, which currently are $12.71 per M on 35.0 million, will amount to $444,000.00. Based on corporate tax liability of 50%, the corporation's tax would amount to $222,000.00 for a combined income tax return of about $290,-000.00. This is the third direct return to the Government.

The blue-green-yellow line, Line 5, graphs the cumulative returns to the Government and more vividly illustrates that for an average investment of $192,-000.00 the direct returns amount to $713,000.00 a cost benefit ratio exceeding one to three and one-half.

The purple line, Line 6, graphs the wages that will be paid to mill and woods employees in the amount of about $576,000.00, exclusive of Federal income taxes, a ratio of one to three compared to Federal financed road costs.

The orange line, Line 7, represents the $1,500,000.00 cash flow, exclusive of purchaser roads, stumpage, Federal income tax, and wage payments, that Douglas Studs and its logging contractors expect to generate in 1968, in payment of goods, services, materials, equipment, transportation, etc.

The multi-colored lower line, Line 8, graphs the cumulative direct returns to the Government and the direct returns to the local, state, and national economy. Measured against the average annual Federal road expenditure of $192,000.00 to provide an average annual flow of 35.0 million feet to Douglas Studs, the cumulative return of over $2,850,000.00 is an impressive cost benefit ratio of one to fourteen.

This specific study of one sawmill operation relative to Forest Service appropriated fund road expenditures is indicative, I believe, of the cost benefit ratios that would be found for the entire Rocky Mountain region.

From the standpoint of timber harvest only, there is ample justification for authorization and appropriation of Federal access road funds in the amount necessary to harvest the full allowable, sustained-yield cut of the Rocky Mountain region. There is no other Forest output that can equal the timber industry if measured by direct returns to the Government and to the local and national economy.

If all the other multiple use Forest outputs, equally dependent on access roads, such as recreation, watershed development and protection, forest protection against fire, disease and insect infestation, grazing, and mineral exploration and production, are also given consideration, then a high priority should be given to authorization and appropriations for Forest Service access roads.

There is also a negative aspect to Federal financed road construction. Let us suppose, for the moment, that all or a substantial part of Federal financed road construction were suspended, resulting in the ultimate shutdown of the Douglas Studs operation, mill and woods.

I do not, for one moment, infer or imply that after unemployment benefits were exhausted all of our employees would go on welfare. Yet the fact remains that re-employment opportunities for our relatively unskilled people are indeed meager in the San Luis Valley.

The red line, Line 9, graphs the $378,000.00 annual cost for one hundred fifty nine families, a yearly average of $2,377.00 per family. Approximately 80% of this amount would have to be federally financed if all families were to require public assistance.

There is one other major cost item that should be taken into consideration if operations were suspended. The spruce bark beetle—the winged death of the southwestern Colorado forests—is an ever present menace.

On the White River, Arapaho, and Routt National Forests, from 1939 to 1952, 4.5 billion feet of mature spruce and lodgepole were infested and destroyed by the spruce bark beetle. About 1,200,000 trees were hand sprayed, during this period, at a cost of $3,000,000.00. On the San Juan Forest, adjacent to the Rio Grande Forest, between 1953 and 1955, over 400,000 trees were hand sprayed at a cost of $1,500,000.00.

There was little or no logging being carried on in the infested areas during the beetle outbreak years, so the only control measures that could be taken were to hand spray chemicals at a cost of $5.00 to $6.00 per tree.