

We are fully aware of the need for keeping Federal expenditures as low as possible, but we are confident that each dollar wisely invested in the development of national forest roads will result in significant returns to the U.S. Treasury. This \$170 million level is necessary to keep the national forest development program on schedule so that the national forest will contribute, to the full extent of their capabilities, to our constantly growing need for wood.

The Federal Government in administering the Federal forests is engaged as a proprietor in operating a property—about 113 million acres—which is larger than the State of California and worth billions of dollars and capable of returning several hundred millions of dollars to the Treasury annually. Additionally, national forests can contribute substantially in other ways to relieving the crisis which our Nation now faces. Timber from these forests is the source of thousands of livelihoods, especially in the rural communities. National forest timber generates many millions of dollars in taxes as it moves from the forest through the manufacturing process and channels of distribution to the consumer.

The capabilities of national forests are just beginning to be tapped. Currently, the annual allowable cut stands at about 12.3 billion board feet which has never been fully harvested.

This is going to have to increase by about 21 billion by the year 2000 if our country's wood needs of 100 billion board feet are going to be met in that year 2000.

For every dollar's worth of standing timber, about \$25 is added to our gross national product through harvesting, manufacture, construction, transportation, and marketing of wood products. About 5.6 percent of the gross national product originates in timber-based economic activities. The Forest Service estimates that about one out of every \$70 of our gross national product is attributable to the national forest timber alone.

It is obvious then that the national forests must be managed with increasing intensity in order to get the maximum potential production from each acre devoted to growing wood fiber.

Forest management and most other national forest uses start with accessibility and road expenditures are necessary to a realization of most national forest benefits. These are investments which generate the capital to pay for themselves, and also to return a handsome profit to the owners, the people of the United States. They are also permanent improvements which increase the value of the timber on the land that they serve, because the timber is accessible, and can more cheaply be moved to processing centers and markets.

A significant portion of the roads on national forest lands have and will continue to be built by timber purchasers as part of the orderly progress of timber.

In fiscal 1969, timber purchasers are expected to construct an estimated \$75 million in timber access roads. Often roads built by timber purchasers require some appropriated funds. To the extent that the road cost is assignable to use for timber harvesting, it is offset against the timber. To the extent that other uses require roads of better standards than those needed for timber harvesting alone, appropriated funds are required by law to pay for the extra standards attributable to the other uses.