

that this “bit of shenanigans” would be “a plain piece of pretense that a debt isn’t a debt.” The editorial objected to the increased Federal role; after all, “the roads we now have were built by the cities, counties, and states with but the smallest participation of the Federal Government.” Building future highways was, certainly, “a stupendous job,” but the *Journal* objected that claiming the need could be met only by “Federal planning and Federal taxes is to deny both our tradition of local government and the history of its success.”

The Scripps-Howard newspapers included an editorial that called the proposal “the gold-brick scheme devised by the committee which would hike the Federal debt without acknowledging it.” An editorial cartoon depicted a talking “\$101 Billion Road Program” carrying a hod of gold bricks labeled “Juggled Bookkeeping,” and saying “it won’t be a debt—we’ll just owe it.”

Some newspapers gave support to Clay.

In the Senate, some opponents to the plan were fierce, focussing on two points: that the bonds would cost \$11 to \$12 billion in interest over the life of the bonds, and that this was new debt.

Sen. Harry Flood Byrd (D-Va.), a fiscal conservative, and chairman of the Senate Finance Committee, said the plan was “thoroughly unsound” and an attempt “to defy budgetary control and evade Federal debt law.” He stated, “If the government can borrow money in this fashion, without regarding it as debt and without budgetary controls, it may be expected that similar proposals will be made for financing endless outlays.”

Sen. Albert Gore, Sr. (D-Tenn.) said, “it’s a screwy plan, that could lead the country into inflationary ruin.” When the Democrats won control of the Senate in the 1954 elections, Gore became chairman of the Subcommittee on Roads of the Senate Public Works Committee.

The counterparts of Byrd in the House of Representatives, many of them Democrats, were vocal against the plan.

In 1955, the measure was defeated by a wide margin in the House, but passed in the Senate.

## The Compromise

The subsequent legislation worked out by the Congress set up a Highway Trust Fund. It would gather revenues from the two-cent per gallon gasoline tax. Prior to 1956, this tax had gone into the General Revenue stream of the government (half of it had been spent for highways, half of it had been spent for the general budget). Now, the full two-cent gasoline tax would be committed to the Highway Trust Fund. In 1960, the gasoline tax was raised to four cents per gallon. There either existed or soon rose up other user-fee taxes: a tax per pound on motor vehicle tires, and on inner tubes; a tax on the manufacturer’s sale price on new trucks, buses, and trailers; a tax on heavy vehicles over 26,000 pounds, and so on. These revenues also went into the Highway Trust Fund.

The revised National Interstate Highway Act passed the Congress and was signed into law in 1956. It contained within it, Title II, which was called the Highway Revenue Act of 1956. It set up the Highway Trust Fund.

The Eisenhower-Clay initiative did break down the states’ fragmented approach to highway building, setting an integrated national policy and a single large expense. It introduced the idea of a Capital Budget. Today, following the compromise, the Highway Trust Fund still does segregate its funds from the general revenue budget, but the ambitious 1956 initiative of a 13-year capital budget to construct the Interstate Highway System is largely a matter of the past; it focusses on highway planning of two-to-five-year plans.

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## Documentation

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# President Eisenhower: Build America’s Roads

*On Feb. 22, 1955, President Dwight Eisenhower delivered this message to the Congress.*

Our unity as a nation is sustained by free communication of thought and transportation of people and goods. The ceaseless flow of information throughout the Republic is matched by individual and commercial movement over a vast system of inter-connected highways criss-crossing the Country and joining at our national borders with friendly neighbors to the north and south.

Together, the uniting forces of our communication and transportation systems are dynamic elements in the very name we bear—United States. Without them, we would be a mere alliance of many separate parts.

The Nation’s highway system is a gigantic enterprise, one of our largest items of capital investment. Generations have gone into its building. Three million, three hundred and sixty-six thousand miles of road, travelled by 58 million motor vehicles, comprise it. The replacement cost of its drainage and bridge and tunnel works is incalculable. One in every seven Americans gains his livelihood and supports his family out of it. But, in large part, the network is inadequate for the Nation’s growing needs.

In recognition of this, the Governors in July of last year at my request began a study of both the problem and the methods by which the Federal Government might assist the States. I appointed in September, the President’s Advisory Committee on a National Highway Program, headed by Lucius D. Clay, to work with the Governors and to propose a plan

of action for submission to the Congress. At the same time, a committee representing departments and agencies of the national government was organized to conduct studies coordinated with the other two groups.

All three were confronted with inescapable evidence that action, comprehensive and quick and forward-looking, is needed.

First: Each year, more than 36 thousand people are killed and more than a million injured on the highways. To the home where the tragic aftermath of an accident on an unsafe road is a gap in the family circle, the monetary worth of preventing that death cannot be reckoned. But reliable estimates place the measurable economic cost of the highway accident toll to the Nation at more than \$4.3 billion a year.

Second: The physical condition of the present road net increases the cost of vehicle operation, according to many estimates, by as much as one cent per mile of vehicle travel. At the present rate of travel, this totals more than \$5 billion a year. The cost is not borne by the individual vehicle operator alone. It pyramids into higher expense of doing the Nation's business. Increased highway transportation costs, passed on through each step in the distribution of goods, are paid ultimately by the individual consumer.

Third: In case of an atomic attack on our key cities, the road net must permit quick evacuation of target areas, mobilization of defense forces and maintenance of every essential economic function. But the present system in critical areas would be the breeder of a deadly congestion within hours of an attack.

Fourth: Our Gross National Product, about \$357 billion in 1954, is estimated to reach over \$500 billion in 1965 when our population will exceed 180 million, and according to other estimates, will travel in 81 million vehicles, 814 vehicle-miles that year. Unless the present rate of highway improvement and development is increased, existing traffic jams only faintly foreshadow those of ten years hence.

To correct these deficiencies is an obligation of Government at every level. The highway system is a public enterprise. As the owner and operator, the various levels of Government have a responsibility for management that promotes the economy of the Nation and properly serves the individual user. In the case of the Federal Government, moreover, expenditures on a highway program are a return to the highway user of the taxes which he pays in connection with his use of the highways.

Congress has recognized the national interest in the principal roads by authorizing two Federal-aid systems, selected cooperatively by the States, local units and the Bureau of Public Roads.

The Federal-aid primary system as of July 1, 1954, consisted of 234,407 miles, connecting all the principal cities, county seats, ports, manufacturing areas, and other traffic-generating centers.

In 1944 the Congress approved the Federal-aid secondary



Nuclear Energy Institute

*President Eisenhower properly viewed the nation's highway system as "a gigantic enterprise, one of our largest items of capital investment." Here he launches the start of the nation's first commercial nuclear plant in Shippingport, Penn.—another indication of his concern with the nation's infrastructure.*

system, which on July 1, 1954, totalled 482,972 miles, referred to as farm-to-market roads—important feeders linking farms, factories, distribution outlets, and smaller communities with the primary system.

Because some sections of the primary system, from the viewpoint of national interest are more important than others, the Congress in 1944 authorized the selection of a special network, not to exceed 40,000 miles in length, which would connect by routes, as direct as practicable, the principal metropolitan areas, cities and industrial centers, serve the national defense, and connect with routes of continental importance in the Dominion of Canada and the Republic of Mexico.

This National System of Interstate Highways, although it embraces only 1.2% of total road mileage, joins 42 State capital cities and 90% of all cities over 50,000 population. It carries more than a seventh of all traffic, a fifth of the rural traffic, serves 65% of the urban and 45% of the rural population. Approximately 37,600 miles have been designated to date. This system and its mileage are presently included within the Federal-aid primary system.

In addition to these systems, the Federal government has the principal, and in many cases, the sole, responsibility for roads that cross or provide access to Federally owned land—more than one-fifth of the Nation's area.

Of all these, the Interstate System must be given top priority in construction planning. But at the current rate of development, the Interstate network would not reach even a reasonable level of extent and efficiency in half a century. State highway departments cannot effectively meet the need. Adequate right-of-way to assure control of access; grade separation structures; relocation and realignment of present highways; all these, done on the necessary scale within an integrated system, exceed their collective capacity.

If we have a congested and unsafe and inadequate system, how then can we improve it so that ten years from now it will be fitted to the Nation's requirements?

A realistic answer must be based on a study of all phases of highway financing, including a study of the costs of completing the several systems of highways, made by the Bureau of Public Roads in cooperation with the State highway departments and local units of government. This study, made at the direction of the 83rd Congress in the 1954 Federal-aid Highway Act, is the most comprehensive of its kind ever undertaken.

Its estimates of need show that a 10-year construction program to modernize all our roads and streets will require expenditure of \$101 billion by all levels of Government.

The preliminary 10-year totals of needs by road systems are:

	Billions
Interstate (urban \$11, rural \$12 billion)	\$23
Federal-aid Primary (urban \$10, rural \$20 billion)	\$30
Federal-aid Secondary (entirely rural)	\$15
Sub-total of Federal-aid Systems (urban \$21, rural \$47 billion)	\$68
Other roads and streets (urban \$16, rural \$17 billion)	\$33
<b>Total of Needs</b> (urban \$37, rural \$64 billion)	<b>\$101</b>

The Governors' Conference and the President's Advisory Committee are agreed that the Federal share of the needed construction program should be about 30 percent of the total, leaving to State and local units responsibility to finance the remainder.

The obvious responsibility to be accepted by the Federal government, in addition to the existing Federal interest in our 3,366,000-mile network of highways, is the development of the Interstate System with its most essential urban arterial connections.

In its report, the Advisory Committee recommends:

1. That the Federal government assume principal responsibility for the cost of a modern Interstate Network to be completed by 1964 to include the most essential urban arterial

connections; at an annual average cost of \$2.5 billion for the ten year period.

2. That Federal contributions to primary and secondary road systems, now at a rate authorized by the 1954 Act of approximately \$525 million annually, be continued.

3. That Federal funds for that portion of the Federal-aid systems in urban areas not on the Interstate System, now approximately \$75 million annually, be continued.

4. That Federal funds for Forest Highways be continued at the present \$22.5 million per year rate.

Under these proposals, the total Federal expenditures through the ten year period would be:

	Billions
Interstate System	\$25,000
Federal-aid Primary and Secondary	\$5,250
Federal-aid Urban	\$.750
Forest Highways	\$.225
<b>Total</b>	<b>\$31,225</b>

The extension of necessary highways in the Territories and highway maintenance and improvement in National Parks, on Indian lands and on other public lands of the United States will continue to be treated in the budget for these particular subjects.

A sound Federal highway program, I believe, can and should stand on its own feet, with highway users providing the total dollars necessary for improvement and new construction. Financing of interstate and Federal-aid systems should be based on the planned use of increasing revenues from present gas and diesel oil taxes, augmented in limited instances with tolls.

I am inclined to the view that it is sounder to finance this program by special bond issues, to be paid off by the above-mentioned revenues which will be collected during the useful life of the roads and pledged to this purpose, rather than by an increase in general revenue obligations.

At this time, I am forwarding for use by the Congress in its deliberations the Report to the President made by the President's Advisory Committee on a National Highway Program. This study of the entire highway traffic problem and presentation of a detailed solution for its remedy is an analytical review of the major elements in a most complex situation. In addition, the Congress will have available the study made by the Bureau of Public Roads at the direction of the 83rd Congress.

These two documents together constitute a most exhaustive examination of the National highway system, its problems, and their remedies. Inescapably, the vastness of the highway enterprise fosters varieties of proposals which must be resolved into a national highway pattern. The two reports, however, should generate recognition of the urgency that presses upon us; approval of a general program that will give us a modern safe highway system; realization of the rewards for prompt and comprehensive action. They provide a solid foundation for a sound program.