"Clearly Vicious as a Matter of Policy": The Fight Against Federal-Aid

By
Richard F. Weingroff

FOREWARD

The role of the Federal Government in highway building was debated from the earliest days of the Good Roads Movement in the 1880s. In 1916, 1919, and 1921, Congress developed the legislation that established and refined the Federal-aid highway program. Each time, despite pressure to take on the task of building "national highways," Congress adopted the Federal-aid approach of providing funds to the State highway agencies as partners in project development. They would be responsible for selecting and developing projects, subject to Federal oversight.

The fact that the Federal-aid concept remains at the heart of the Federal-aid highway program today does not mean support for the program has been universal or continuous. The program has been under siege many times during its history, with the attacks led by Presidents, Governors, Members of Congress, and State highway/transportation officials.

This article discusses four periods during which the Federal-aid highway program was under attack:

- *Between the Federal Aid Road Act of 1916 and the Federal Highway Act of 1921, the highway community and Federal and State officials debated whether the Federal Government should build the roads the Nation needed.*
- *In the 1920s, the program was under pressure to downsize in favor of the States.*
- *With the States seeking all the aid they could get in the 1930s, the issue was how much control the President should have over government expenditures for highway improvements as he attempted to revitalize and fine tune the economy.*
- *In the early 1950s, the States sought to regain the control they thought they had lost in the Federal-aid bargain struck in 1916.*

Each time, the debates ended with the Federal-aid highway program in tact, but it was a close call in each case.

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INTRODUCTION

The Federal Role in a Union of States

> We shall discover that the rivalships of the parts would make them checks upon each other and would frustrate all the tempting advantages which nature has kindly placed within our reach.
>
> Alexander Hamilton
> *The Federalist Papers* No. 11[1]

The United States Constitution is a product of its time. That it has proven flexible enough to meet the needs of the 18th, 19th, and 20th centuries, and now the 21st, is a political miracle. And yet it reflects to a great extent the failures of the government that had emerged from the Revolution united more in name than spirit.

The Articles of Confederation

The Articles of Confederation, approved by Congress in 1777, had created a weak national government and left much of the power with the States. Congress could not raise taxes, settle disputes among the States, resolve issues of law, establish an army for common defense, or amend the Articles. Bitter commercial and territorial disputes among the States were pulling the union apart in the absence of a unifying purpose.

The original 13 States were divided by their differences more than they were united by their common concerns. Small States feared the big States, which sought dominance within the union. The commercial north and the agricultural south had strongly different interests. Neighboring States disputed rights to shared rivers. Each State, remembering the tyranny they had fought against in the Revolution, was hesitant to yield any of its sovereignty to the Nation. The term "United States" was used as a plural ("the United States are"), rather than singular, noun.

The Articles of Confederation could not balance the interests of the small, but diverse, new Nation. The possibility that the union would be replaced by several smaller confederacies was a real fear. In *The Federalist Papers*, the series of essays written to build support for State ratification of the Constitution, Alexander Hamilton said that only someone who is "far gone in Utopian speculations" could think that such an alternative would not result in violent contests among the confederacies:

> To look for a continuation of harmony between a number of independent, unconnected sovereignties situated in the same neighborhood would be to disregard the uniform course of human events, and to set at defiance the accumulated experiences of ages.[2]

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[1] Hamilton, Alexander, *The Federalist Papers*, No. 11, New American Library, 1961, p. 87.
[2] *The Federalist Papers* No. 6, p. 54.

Citizen farmer George Washington, who had done so much to establish the union, expressed the common fear of the day in a letter to James Madison of Virginia's House of Delegates: "We are fast verging to anarchy and confusion."[3]

"To establish Post Offices and post Roads"

One defect of the Articles of Confederation was the inability to regulate interstate commerce. The event that led, unexpectedly, to the Constitutional Convention was a longstanding dispute between Maryland and Virginia regarding navigation rights on the Potomac River. Following a 3-day conference at Washington's Mount Vernon home, commissioners from the two States settled their differences. This agreement led to a meeting in Annapolis, Maryland, on September 11, 1786, with other States to discuss commercial regulation. The meeting proved fruitless, partly because the New England States had not sent delegates.

Participants, therefore, called on Congress to convene a meeting of all the States to improve the Articles of Confederation. With the failures of the Articles of Confederation in mind, participants in the Constitutional Convention of 1787 in Philadelphia wanted to create a document that would correct the defects of their present government while creating what Thomas Jefferson would later call a "union of sentiment."[4]

Once the gathering began on May 25, 1787, participants quickly abandoned the idea of improving the old document and began work on a new one. As the participants debated the contents of a new unifying document, they sorted out the powers that would belong to the central government through its Congress, and those that would belong to the States.

After debating the issues, the members appointed a Committee of Detail on July 26 to prepare a draft constitution based on resolutions adopted to that point. The draft, reported to the convention on August 6, assigned the right "to establish post-offices" to the Congress. At the suggestion of Elbridge Gerry of Massachusetts, the words "and post-roads" were added to the clause on August 16 by a vote of six States to five.

On September 14, Benjamin Franklin of Pennsylvania proposed to amend the clause by adding "to provide for cutting canals where deemed necessary." James Madison suggested a further amendment "to grant charters of incorporation where the interest of the United States might require, and the legislative provisions of individual States may be incompetent." He said his primary objective was to "secure an easy communication between the States, which the free intercourse now to be opened seemed to call for." He added, "The political obstacle being removed, a removal of the

[3] McGinty, Brian, "A Troubled League," *American History Illustrated*, Summer 1987, p. 23.

[4] Jefferson, Thomas, Message to the 9th Congress, 1806. Jefferson stated that roads and canals would knit the union together, facilitate defense, furnish avenues of trade, break down prejudices, and consolidate a "union of sentiment." In addition, with such "great objects" as public education, roads, rivers, and canals, "new channels of communication will be opened between the states; the lines of separation will disappear, their interests will be identified, and their union cemented by new and indissoluble ties."

natural ones as far as possible ought to follow." Roger Sherman of Connecticut objected because the expense would be incurred by all the States through their central government, but a canal would benefit only the place where the canal would be cut. The convention approved neither Franklin's nor Madison's amendment.[5]

Therefore, when the convention adjourned on September 17, Section 8 of Article 1 of the proposed Constitution granted Congress the power "to regulate Commerce . . . among the several States, and . . . establish Post Offices and post Roads." Congress also would have the power to "regulate Commerce for foreign Nations, and among the several States, and with the Indian Tribes" and to "provide for the common Defence and general Welfare of the United States."

The Constitution was submitted to the States for ratification. When the ninth State, New Hampshire, ratified the Constitution, it went into effect. However, fearing that the central government would assume powers not clearly assigned by the Constitution to the States, opponents and some State legislatures demanded protection of civil rights to prevent a return of the tyrannies they had suffered during the colonial period. The result was the Bill of Rights, proposed on September 25, 1789, by the First Congress of the United States.

Ratification by the States was completed on December 15, 1791, and the Bill of Rights became the first 10 amendments to the Constitution. Amendment 10 addressed the specific concern of the States that the central government would twist the new Constitution to adopt powers it did not have:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

The debate that began in the Constitutional Convention in the 18th century over the separation of powers between the central government and the States has continued into the 21st century. Few areas of governance have escaped the struggle for balance, including the authority of the central government over internal improvements, such as the construction of roads.

The National Road

The issue was central as Congress decided how to provide a portage road between the Potomac River at Cumberland, Maryland, and the Ohio River at Wheeling, Virginia (now West Virginia). The road would help settlers reach the public lands for sale in the new State of Ohio (admitted to the Union in 1803), but would also allow for the trade that would bind the territories to the States across the mountain barrier that separated them.

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[5] Farrar, Edgar Howard, *The Post-Road Power in the Federal Constitution and Its Availability for Creating a System of Federal Transportation Corporations*, self published, September 9, 1907, Pages 31-32. Young, Jeremiah Simeon, *A Political and Constitutional Study of the Cumberland Road* (A dissertation submitted to the faculty of the Graduate School of Arts and Literature of the University of Chicago in candidacy for the degree of Doctor of Philosophy), Chicago 1902, Page 37.

The debate in Congress reflected the rivalries of the day, with the States in New England and elsewhere that would not benefit directly or that feared the rivalry of western trade directed to the mid-Atlantic States raising questions about the constitutional authority of the government to build roads. Moreover, opponents wondered how the central government could build a road on land that was under the jurisdiction of the States of Maryland, Pennsylvania, and Virginia?

The final bill incorporated a compromise that was acceptable to enough Members of Congress for passage. It required the President "to pursue such measures as he deems proper in obtaining the consent of the States through which the road may pass; and, having obtained their consent, he is further authorized to take measures in having the road promptly made through the whole distance." The road would be financed with revenue from the sale of public lands in Ohio, which would exempt public land from State taxation for 5 years. President Thomas Jefferson believed a constitutional amendment was desirable and necessary to give government the authority to build roads and canals. However, this "compact" allowed him to approve the legislation on March 29, 1806.

Maryland and Virginia quickly approved legislation consenting to the Federal project, but requiring the Federal Government to acquire lands and materials in the same way as the States would have acquired them if they were building the road. Pennsylvania delayed action until late 1807 because of a dispute over location in that State, but its consent followed the Maryland and Virginia pattern. Construction began in May 1811 and was completed in 1818.

Through later legislation, this first national highway, known as the Cumberland Road or the National Road, would be extended west as statehood was granted to Indiana (admitted to the Union in 1816) and Illinois (1818). It finally reached Vandalia, then the capital of Illinois, always with the consent of the States through which it passed. Plans to extend the road across the Mississippi River were abandoned after construction was delayed by a dispute over whether to cross the river at Alton, Illinois, or St. Louis, Missouri. Before the two States, which had to consent to the construction, could resolve their dispute, Congress abandoned support for the road because railroads had supplanted roads as the primary means of surface transportation. The last appropriation for the National Road was in 1838.

The first national highway again raised constitutional issues in 1822 when Congress considered how to provide for maintenance of the original portion of the road. Rather than appropriate additional funds, Congress passed legislation calling for the collection of tolls from road users to finance reconstruction and maintenance. However, President James Monroe vetoed the bill on May 4, 1822. Because he supported internal improvements, President Monroe vetoed the bill "with deep regret . . . under a conviction that Congress do not possess the power under the Constitution to pass such a law." The power to establish turnpikes and enforce toll collection, he wrote, "implies a power to adopt and execute a complete system of internal improvement." Granting such a right implied a "complete right of jurisdiction and sovereignty for all the purposes of internal improvement," not merely for toll collection:

> I am of opinion that Congress do not possess this power; that the States individually can not grant it, for although they may assent to the appropriation of money within their limits for

> such purposes, they can grant no power of jurisdiction or sovereignty by special compacts with the United States.

If the power did exist, it would have been granted specifically by the Constitution or been incidental to some other power specifically granted:

> It has never been contended that the power was specifically granted. It is claimed only as being incidental to some one or more of the powers which are specifically granted. The following are the powers from which it is said to be derived:
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> First, from the right to establish post-offices and post-roads; second, from the right to declare war; third, to regulate commerce; fourth, to pay the debts and provide for the common defense and general welfare; fifth, from the power to make all laws necessary and proper for carrying into execution all the powers vested by the Constitution in the Government of the United States or in any department or officer thereof; sixth and lastly, from the power to dispose of and make all needful rules and regulations respecting the territory and other property of the United States.
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> According to my judgment it can not be derived from either of those powers, nor from all of them united, and in consequence it does not exist.[6]

As explained in *America's Highways 1776-1976*:

> It was one thing to make appropriations for public improvements, but an entirely different thing to assume jurisdiction and sovereignty over the land whereon those improvements were made. This has been the Federal position on highway grants to States down to the present day. [7]

In the absence of support for a constitutional amendment, Congress adopted a different approach for maintenance of the National Road. Beginning in the early 1830's, legislation was enacted turning the National Road over to the States to operate as a turnpike. Maryland, Pennsylvania, Virginia, and Ohio agreed to accept ownership only after the central government reconstructed their deteriorating older segments. The turnover was completed by 1835. The western portion of the road, still under construction in the 1830s, would be turned over to Indiana in 1848 and Illinois in 1856.

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[6] Commager, Henry Steele, Editor, "125. Monroe's Veto of Cumberland Road Bill," *Documents of American History*, Third Edition, 1947, p. 233.

[7] *America's Highways 1776-1976: A History of the Federal-Aid Program*, Federal Highway Administration, 1976, p. 21.

Establishing a Principle

With the chartering of a second National Bank in 1816, supporters of internal improvements saw a new means of financing them. In return for the charter, the United States would receive $1.5 million and annual dividends on the stock it held in the bank. A special committee headed by Representative John C. Calhoun of South Carolina proposed to set aside this "bonus" for the construction of roads and canals in each State, with State consent. He told Congress:

> Many of the improvements contemplated are on too great a scale for the resources of the States or individuals; and many of such nature that the rival jealousy of the States, if left alone, might prevent.
>
> Let us then bind the Republic together with a perfect system of roads and canals. Let us conquer space. It is thus the most distant parts of the Republic will be brought within a few days travel of the centre . . . .

He didn't claim to possess refined arguments on constitutionality, although he thought the "general welfare" clause was sufficient. He could cite many examples, including the National Road, that had been approved that were precedents for his plan.

Despite strong objections on constitutional and other grounds, the Bonus Bill passed the Congress and was forwarded to President James Madison, who was nearing the end of his term in office. Madison supported internal improvements, but was convinced that an amendment to the Constitution was needed to allow Federal involvement in them. As recently as December 3, 1816, he had said in his annual message to the Congress:

> And I particularly invite again their attention to the expediency of exercising their existing powers, and, where necessary, of resorting to the prescribed mode of enlarging them, in order to effectuate a comprehensive system of roads and canals, such as will have the effect of drawing more closely together every part of our country.

On March 3, 1817, his last day in office, President Madison vetoed the Bonus Bill because he did not think it fell within the enumerated powers of the Constitution. Jeremiah Simeon Young, in his 1902 study of the political and constitutional issues association with the National Road, summarized Madison's concerns:

> He did not think it was included among the enumerated powers; nor did it fall by any just interpretation within the power "to make laws necessary and proper for carrying into execution the enumerated powers;" and it would have a tendency to subjugate the Constitution and laws of the states to the laws of the United States. He denied the power of the United States to appropriate money for or to construct such improvements; nor could either of these be done even with the consent of the states. The only way a state could give its consent was by means of an amendment to the Constitution granting power over internal improvements. He

> therefore, strongly urged such an amendment, as he was favorable to a national system of internal improvements.

In this way, President Madison, who had been a dominant figure in the Constitutional Convention, rejected the concept of "compacts" that had justified construction of the National Road and use of the general welfare clause that was behind the Bonus Bill. Although Madison had approved other measures that raised constitutional issues, Young pointed out that with the President leaving office the day of the veto, "He had no more political ambitions to satisfy; hence he was true to his original Republican doctrines."

With the Congress also ending on March 3, the House quickly attempted to override the veto, but could not muster the two-thirds vote necessary to do so.[8]

The difference between national and local authority was at the heart of a third veto, this one by President Andrew Jackson on May 27, 1830. He had recommended using surplus Federal revenue for internal improvements, but believed an amendment to the Constitution was needed. On May 15, 1839, Congress completed work on a bill authorizing the Secretary of the Treasury to subscribe to 1,500 shares in the Washington, Paris, and Lexington Turnpike Road Company, which was to build an "artificial road" linking those towns in Kentucky. President Jackson vetoed the bill, saying the proposed turnpike was a purely local venture, confined to one State and not connected to "any established system of improvements." He added:

> What is properly *national* in its character or otherwise is an inquiry which is often extremely difficult of solution . . . If it be the wish of the people that the construction of roads and canals should be conducted by the Federal Government, it is not only highly expedient, but indispensably necessary, that a previous amendment to the Constitution, delegating the necessary power and defining and restricting its exercise with the reference to the sovereignty of the States, should be made . . .[9]

America's Highways 1776-1976 explained the impact of the veto:

> The Maysville Turnpike veto not only put an end to all thought of national aid to local road improvements, but it also forestalled any efforts that might be made to provide Federal aid to such genuinely national promotions as the Baltimore and Ohio Railroad. Over 20 years would pass before Congress would provide any significant subsidy for railroads.[10]

Even without Federal subscription funds, the company completed the turnpike in November 1830. In 1838, the Maysville turnpike was again at the heart of a dispute that turned on the relationship

[8] Young, p. 50-54. *America's Highways 1776-1976*, p. 19.
[9] *Documents of American History*, "138. Jackson's Veto of Maysville Road Bill," p. 253.
[10] *America's Highways 1776-1976*, p. 23.

between the Federal and State governments. Historian Albert C. Rose summarized the case:

> Attention was focused upon the road again, in 1838, when a United States mail contractor claimed the right to travel free of tolls. Chief Justice Robertson of the Court of Appeals held that President Jackson's refusal to aid construction of the road made it mandatory for the Federal Government's agents to pay the same fees as the general public.[11]

As roads were replaced by railroads for long distance surface transportation, they faded as a subject of constitutional debate until the popularity of the bicycle spurred the Good Roads Movement in the 1880s. The new movement put pressure on the Federal Government to get involved again in road improvement.

The result was creation of the Department of Agriculture's U.S. Office of Road Inquiry (ORI) in 1893. With a budget of $10,000 ($8,000 a year at times during the economic downturn that began in 1893), its statutory role was an inquiry on systems of road management and the best methods of roadmaking, as well as the dissemination of its findings. Secretary of Agriculture J. Sterling Morton was an ardent foe of Federal "paternalism" that he believed infringed on State response-bilities as well as a proponent of economy in the Department's operations. These views were reflected in a letter from Secretary Morton to General Roy Stone, the Special Agent and Engineer for Road Inquiry, on October 3, 1893, the day the ORI began operation. After summarizing the statute that appropriated $10,000 for the inquiry, the Secretary said:

> There are certain restrictions I wish specifically to bring to your attention. It must be borne in mind, that the actual expense in the construction of these highways, is to be borne by the localities and States in which they lie. Moreover, it is not the province of this Department to seek to control or influence said action, except in so far as advice and wise suggestions shall contribute towards it. This Department is to form no part of any plan, scheme or organization, or to be a party to it in any way, which has for its object the concerted effort to secure and furnish labor to unemployed persons, or to convicts. These are matters to be carried on by States, localities, or charities. The Department is to furnish information, not to direct and formulate any system of organization, however efficient or desirable it may be. Any such effort on its part, would soon make it subject to hostile criticism.[12]

Although Presidential opinions in the 19th century varied regarding the Federal role in road construction, the Supreme Court concluded that the Congress has the authority to fund road projects under its power to regulate commerce for the general welfare. Neither of the key cases involved highway construction. An 1893 case involved locks and dams constructed by a private company on the Monongahela River under the authority of the State of Pennsylvania. A suit growing out of the Federal Government's attempt to condemn and appropriate the locks and dams gave the Supreme

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[11] Rose, Albert C., *Historic American Roads: From Frontier Trails to Superhighways*, Crown Publishers, Inc., 1976, p. 40. *America's Highways 1776-1976* also summarized the case, p. 23.

[12] Stone, Roy, Report of Special Agent and Engineer for Road Inquiry, undated, Annual Report of the U.S. Department of Agriculture, Fiscal Year 1894, p. 585-586. A biography of General Stone, including an account of his years as Special Agent of the ORI, is available at http://www.fhwa.dot.gov/infrastructure/stone.htm

Court an opportunity to address the subject. In the decision on *Monongahela Navigation Company v. United States*, Justice David Brewer concluded:

> . . . the power of Congress to regulate commerce carries with it power over all the means and instrumentalities by which commerce is carried on . . . . We are so much accustomed to see artificial highways, such as common roads, turnpike roads and railroads, constructed under the authority of the States, and the improvement of natural highways [waterways] carried on by the general government, that at the first it might seem that there was some inherent difference in the power of the national government over them. But the grant of power is the same.[13]

A 1907 Supreme Court decision in *Wilson v. Shaw*, a case involving U.S. authority to pay for constructing the Panama Canal, effectively ended the legal debate—as opposed to the political debate—over the Federal Government's authority. Based on Supreme Court precedents, Justice Brewer wrote that, "These authorities recognize the power of Congress to construct interstate highways" under the constitutional right to regulate interstate commerce.[14]

With the growing popularity of the automobile, most politicians considered the question of constitutionality settled. The issue was considered by the Joint Committee on Federal Aid in the Construction of Post Roads, which Congress established to consider the Federal role in road improvement. After a brief discussion of the constitutional basis of the National Road, the Joint Committee’s January 1915 report dismissed the constitutional issue in three paragraphs:

> The constitutionality of the appropriations [for the National Road] was supported chiefly upon some one or all of the following express Federal powers: To establish post roads, to regulate commerce, to declare war, to provide for the common defense, to promote the general welfare.
>
> Among those of legal training a technical discussion of the constitutionality of national highway appropriations would no doubt be interesting, but we believe the time has long since passed when controversy over this question could be deemed appropriate. Even a cursory review of the ever-expanding activities of this Government, covering the purchase of Louisiana and Alaska, the improvement of harbors and interior rivers, appropriations for educational work, construction of reclamation projects, purchase of private lands for the formation of public forest reserves for protection of watersheds, demonstrates that a discussion of the constitutional question is purely academic.
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> Federal aid to good roads will accomplish several of the objects indicated by the framers of the Constitution—establish post roads, regulate commerce, provide for the common defense, and promote the general welfare. Above all, it will promote the general welfare.[15]

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[13] 204 U.S. 35 (March 27, 1893).

[14] 204 U.S. 35, 1896 (January 7, 1907).

The Case for Federal-Aid

The constitutional issue did not die with the Joint Committee's report. It would be raised in 1916 when Congress debated the bill that would create the Federal-aid highway program.

While the House worked on a different concept, Senator John H. Bankhead (D-Al.), Chairman of the Committee on Post Offices and Post Roads, introduced a bill drafted mainly by the Executive committee of the American Association of State Highway Officials (AASHO). It provided for the U.S. Department of Agriculture to make Federal-aid funds available to the States, which would select and build "rural post road" projects. The term was defined as "any public road over which the United States mails now are or may hereafter be transported" (except in any place having a population of 200,000 or more). Projects were to be "substantial in nature" and the Federal share of the total estimated cost "shall not exceed fifty per centum." However, payments were not to exceed $10,000 per mile, exclusive of the cost of bridges exceeding 20 feet of clear span.

Senator John D. Works (R-Ca.), arguing in support of Federal construction during the Senate debate on April 21, 1916, claimed that the Federal Government "has no right to enter into any contract with a State to improve the rural roads as a governmental act." He considered the Federal-aid concept "clearly vicious as a matter of policy and to my mind . . . clearly against the spirit if not the letter of the Constitution." The States, he said, should build their own roads, while the Federal Government's interest was in national highways:

> If the road is one over which the Government has jurisdiction and has the right to construct, that obligation rests upon the Government and not upon the States . . . . The reason for it all is not that it is necessary in the interest of the Government as a government, but because the States are not able to carry on these improvements within their own borders; and therefore the Government of the United States is expected to go into the States and do for them what they are not able to do for themselves.

Senator Works discussed statements and court rulings in the 19th century, including President Monroe's veto message of May 4, 1822. The Senate report on the Federal-aid bill also had discussed the veto:

> When President Monroe vetoed the Federal road act in 1822, he did not base his veto upon the ground that Congress had no right to make appropriations to aid in road improvement, but upon the establishment of the road as a turnpike upon which tollgates were erected and tolls collected and in which the enforcement of the tolls by penalties was involved. President Monroe stated that this imposing of duties upon persons passing over a given road involves the right to take the land from the proprietor and to pass laws for the protection of the road from injuries. He held that if it existed as to one road it existed as to any other road, and that it formed a complete right to jurisdiction and sovereignty for all the purposes

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[15] *Federal Aid to Good Roads*, Report of the Joint Committee on Federal Aid in the Construction of Post Roads, House Document No, 1510, 63d Congress, 3d Session, January 21, 1915, p. 14.

> of internal improvement and not merely the right of Congress to make appropriations. It is therefore unfair to use Monroe's veto to support a contention that Congress has not the right under the Constitution to appropriate money in aid of road improvement.[16]

Senator Works disagreed with this interpretation of the Monroe veto, which he considered "the most important that has been delivered." He pointed out that President Monroe had covered "every conceivable ground upon which it is claimed that legislation of this kind may rest [and] refutes every one of them from beginning to end, and reaches the conclusion that no such legislation is competent on the part of the Government." He analyzed the Monroe veto in detail and arranged for it to be reprinted in the *Congressional Record*.

As he concluded his remarks, he wanted to make one point clear:

> I regard this bill as one of the worst and most vicious "pork-barrel" pieces of proposed legislation that has ever come before this body. I do not say that, Mr. President, because I am opposed to the improvement of the roads. By no means. I am a great believer in the expenditure of money by the States and by the National Government, where it has a right to act in the matter, in the construction and improvement of highways.

Although the Senator realized he was in the minority, he could not resist an opportunity a few weeks later to remind his colleagues of his views. In May, when Senator Thomas J. Walsh (D-Mt.) introduced an amendment authorizing funds for Federal construction of roads within or partly within National Forests, Senator Works endorsed the idea. "It would," he said, "bring one legitimate provision into this bill, because it does provide for work to be done that is national in its character . . . . [and] is the only provision that I have yet noticed in this bill that, in my judgment, is legitimate and proper."

In the House, Congressman Thomas B. Dunn (R-NY.), a member of the Committee on Roads since its creation in July 1913, was one of the leading opponents of the bill. Speaking on January 24, 1916, he said he was "an advocate of the general proposition connected with the question of good roads" and had "some slight knowledge of their construction." He had been associated with good-roads legislation in New York, he said, but he was troubled by this bill because there was, "to my mind, a very great difference between Federal aid for roads and Federal construction of roads." He pointed out that the $25 million authorized by the bill would be a "gift distribution" to the States, after which "control of the same is lost to the Federal authorities." He might have supported "an initial system of Federal trunk-line roads," but "it does not appear to me that it is an opportune time to enact the measure now reported." He explained his concern about the timing:

> [The] subject of good roads is not a vital question at the present time nor is it one that has to be solved immediately. This Chamber is supposed to be the financial office as well as the legal office of this Government. We are expected to be careful of our own expenditures and to be rather more than careful about voting away the money of other people.

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[16] *Federal Aid in the Construction of Rural Post Roads*, Committee on Post Offices and Post Roads, Report No. 250, 64th Congress, 1st Session, March 10, 1916, p. 10.

> If instead of a minus Treasury we had a plus Treasury, if we had large revenues that provided for a surplus that could be fairly divided, if we were not confronted with complications throughout the world that may call for large appropriations to be made by this Congress, to be expended for what might be called involuntary expenditures, it possibly might be a proper time to consider this measure; but in view of the fact that we have little or no surplus, that we are already considering increasing our present internal taxation, I believe this entire subject should be deferred until matters of much graver importance are definitely settled. Believing as I do that this is not a good business measure to present at this time I can not, under the circumstances, justify myself in supporting the same.[17]

Despite such concerns, Congress approved the Federal Aid Road Act of 1916, which President Woodrow Wilson (D, 1913-1921) signed on July 11.

The legislation appropriated $75 million for the new Federal-aid highway program, with $5 million for Fiscal Year (FY) 1917; $10 million for FY 1918; $15 million for FY 1919; $20 million for FY 1920; and $25 million for FY 1921. An additional $10 million, in increments of $1 million through FY 1926, was appropriated for use under the supervision of the Secretary of Agriculture for the "survey, construction, and maintenance of roads and trails within or only partly within National Forests and needed for the use and development of resources upon which communities within and adjacent to the National Forests are dependent."

The new law included measures to address constitutional concerns. The limitation of funds to "rural post roads" specifically alluded to the phrase "post Roads" from Section 8 of Article 1 of the Constitution. Just as the bills authorizing funds for the National Road had called for State consent, the Federal-aid bill called for consent in Section 1:

> . . . no money apportioned under this act to any State shall be expended therein until its legislature shall have assented to the provisions of this act, except that, until the final adjournment of the first regular session of the legislature, held after the passage of this act, the assent of the governor of the State shall be sufficient.

Moreover, consistent with President Monroe's 1822 veto, Section 1 provided that "all roads constructed under the provisions of this act shall be free from tolls of all kinds."

Section 7 called for State maintenance of the projects funded with Federal-aid:

> To maintain the roads constructed under the provisions of this act shall be the duty of the States, or their civil subdivisions, according to the laws of the several States. If at any time the Secretary of Agriculture shall find that any road in any State constructed under the provisions of this act is not being properly maintained he shall give notice of such fact to the highway department of such State; and if within four months from the receipt of said notice

[17] *Congressional Record*, p. 1470.

> said road has not been put in a proper condition of maintenance, then the Secretary of Agriculture shall thereafter refuse to approve any project for road construction in said State, or the civil subdivision thereof, as the fact may be, whose duty is to maintain said road, until it has been put in a condition of proper maintenance.

Section 2 of the Act defined "properly maintained" as "the making of needed repairs and the preservation of a reasonably smooth surface considering the type of the road, but shall not be held to include extraordinary repairs, nor reconstruction."

A month after enactment, on August 11, 1916, President Wilson wrote to Chairman A. F. Lever (D-SC.) of the Committee on Agriculture to extol the record of agricultural provisions adopted by the Administration and the Congress during the President's first term. Item 10 was the Federal Aid Road Act. The President said:

> Of no less importance for agriculture and for national development is the Federal Aid road act. This measure will conduce to the establishment of more effective highway machinery in each State, strongly influence the development of good road building along right lines, stimulate larger production and better marketing, promote a fuller and more attractive rural life, add greatly to the convenience and economic welfare of all the people, and strengthen the national foundations. The act embodies sound principles of road legislation and will safeguard the expenditure of funds arising under the act not only, but will also result in the more efficient use of the large additional sums made available by States and localities.[18]

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[18] *Documents of American History*, "411. Agricultural Legislation in the First Wilson Administration," p. 294. (Also *Congressional Records, 64th Congress, 1st Session, App., p. 1762-3).* For a more detailed account of creation of the Federal-aid highway program, see Weingroff, Richard F., "For the Common Good: The 85th Anniversary of a Historic Partnership," *Public Roads*, March/April 2001, available at http://www.fhwa.dot.gov/infrastructure/rw01a.htm

PART ONE:
The Golden Mean

A Rocky Start

The Federal-aid highway program got off to a rocky start. America's entry into World War I on April 2, 1917, tied up resources, including the workers and materials needed for road construction. By the time the war ended in November 1918, the Federal-aid highway program had little to show for the effort that went into its creation. According to *America's Highways 1776-1976*, the Office of Public Roads and Rural Engineering (OPRRE)[19] had approved 572 projects, totaling 6,249 miles by July 1918, with an estimated cost of $42.28 million (Federal share: $16.05 million). Of this total, only five projects, totaling 17.6 miles, had been completed.[20]

Aside from the difficulties of construction during wartime, flaws in the original program had become clear. The restriction of Federal-aid to "rural post roads" proved a stumbling block. Although the OPRRE encouraged the States to focus on main highways, the main highways often were not the "rural post roads" that were eligible for Federal-aid. As explained in the American Automobile Association's (AAA) magazine, *American Motorist*:

> The very restrictive construction put upon the definition contained in the old act made it next to impossible for many of the roads to qualify for Federal aid as post roads. Rural delivery routes in very [many] cases deviate from the main road so as to reach the individual patron, and it frequently happens that the most important road in a community has no mail route actually located on it for considerable distances. The old act, as interpreted by the Secretary of Agriculture, required that the mail actually be carried on the road, or that a reasonable prospect be shown that mail would be carried within a short time after improvement.[21]

This was, according to the article, "one of the chief weaknesses of the original act." It was especially a problem for the large, sparsely populated western States that had long lengths of road through difficult terrain and unpopulated areas.

Further, the large heavily populated States found the statutory limitation of $10,000 per mile burdensome. In these States, the growing volumes of traffic required heavier and wider pavements that often cost $40,000 to $50,000 per mile.

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[19] The Federal road agency has gone through several names: Office of Road Inquiry (1893-1899), Office of Public Roads Inquiries (1899-1905), Office of Public Roads (1905-1915), Office of Public Roads and Rural Engineering (1915-1918), Bureau of Public Roads (1918-1939), Public Roads Administration (1939-1949), Bureau of Public Roads (1949-1967), and Federal Highway Administration (1967 to the present). This article uses the name of the agency at the time of the events described. *America's Highways*, p. 213-214.

[20] *America's Highways 1776-1976*, p. 100.

[21] "Closing Days of the 65th Congress Bring Huge Federal Aid Road Appropriations," *American Motorist*, March 1919, p. 39.

Another problem related to the nature of a State highway agency. When President Wilson signed the Act, six States had no semblance of such an agency (Delaware, Georgia, Indiana, Nevada, South Carolina, and Texas), while nine States required additional legislation before they would have an agency capable of performing the functions required by the new law (Arkansas, Florida, Idaho, Kansas, Michigan, Missouri, Oklahoma, South Dakota, and Wyoming).[22] The OPRRE worked with many of these States to draft laws based on the OPRRE model State highway bill.

By July 1, 1917, every State had given its assent to the terms of the Act and every State had a State highway agency within the meaning of the Act.[23] Even here, however, problems occurred because 17 States had barely complied with the requirement. They had established weak State highway agencies that yielded to the counties as a basic political unit for building and maintaining roads as well as matching Federal-aid funds.

Moreover, the cooperative spirit between the Federal and State highway agencies that had been a goal of the program had been dampened by the OPRRE's heavy-handed reviews of State plans. In *Building the American Highway System*, historian Bruce Seely explained the problem that began early in the program:

> [Office of Public Roads] engineers were convinced "the present system is generally a sort of rat hole through which to squander the road fund," especially after one state submitted plans for a road that would have frequently been under water. As a result the OPR conducted very thorough inspections of state plans in both the district and national offices . . . . Some of the blame rested on the states, which provided complete drawings for only half of the proposed projects. But equal responsibility belonged to overzealous and inflexible federal engineers.[24]

The flaws in the program and its execution prevented it from achieving its potential. These failures gave opponents—particularly advocates of Federal construction of long-distance national roads—the opportunity to challenge the Federal-aid premise as new legislation was considered in 1919 and 1921.

The Fight For National Roads

Before the war ended, a new organization had emerged on January 21, 1918, during a meeting in Chicago's Congress Hotel when about 150 delegates formed the Highway Industries Association. S. M. Williams, sales manager of the Garford Motor Truck Company, had promoted the idea during meetings in December 1917 with industry representatives, particularly those from companies

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[22] Page, Logan W., Report of the Director of the Office of Public Roads and Rural Engineering, October 16, 1917, p. 2.
[23] The State Supreme Court would overturn Indiana's authorizing legislation, necessitating new legislation that would not allow creation of a permanent State highway agency until 1919.
[24] Seely, Bruce E., *Building the American Highway System: Engineers as Policy Makers*, Temple University Press, 1987, p. 48.

involved in the manufacture and sale of the machinery, materials, and equipment used in highway construction and transportation.

The stated goal of the organization was:

> To assist in coordinating the highways with the other transportation agencies of the country; to encourage the development of highways that will advance the economic life of the nation; stimulate their use in such a manner as to facilitate and cheapen the transportation of food, raw materials and finished products, and cooperation with Government agencies, both state and national, to the end that our highways may be of maximum service in the transportation system of the country.

The initial focus of the association was to assist in the war effort at a time when road-related industries were suffering from the same limitations that had hindered the Federal-aid program. A permanent organization was formed during the meeting, with Williams as president. The vice presidents were A. R. Hirst, Wisconsin's State Highway Engineer; E. J. Mehren, editor of the weekly *Engineering News-Record*; and S. T. Henry of the Allied Construction Machinery Corporation. Henry Shirley, who had been Maryland's Chief Engineer and the first president of AASHO (1914-1916), became secretary of the association after resigning from his Maryland post on April 15, 1918.

Williams, however, made clear he had a larger goal. The January 21 meeting, he said, could "go down in history as having real benefit to not only the industries represented in this meeting, but to every industry in the United States." He added:

> Transportation is the very backbone of progress and without the development of transportation in all its phases, industry will be crippled regardless of whether we are in war or in peace.

Although the Federal Government had assisted with the railroads, he said, little consideration had been given to waterways and "practically no thought for the highways, which are in reality the very foundation of transportation." He had to conclude, unfortunately, that despite years of effort trying to convince Washington to do something about roads, it was only recently that something had finally happened.

The lack of foresight in Washington had been demonstrated when the war began, he said, and officials thought that from a military standpoint, the railroads would be equal to all demands for transportation. That turned out not to be the case, but no provision was made for upgrading highways. Washington, he said, was also overlooking the need to supply food to the army abroad, our Allies, and our own people at home, all of which required "the movement of crops from farm to market." He added, "Crops cannot be moved to advantage over mud roads."

Although the participation of Hirst and Shirley suggested the cooperation intended during the war, Williams made his real goal clear when he quoted an editorial in the January 17 issue of *The Manufacturers Record*:

> Build more highways and build them promptly, even at the expense of tens of million, or of hundreds of millions, if necessary, must be the order of the day, or else the nation will be tremendously handicapped in this great contest.

To accomplish this goal, Williams said, “considerable work is necessary.” First, they would have to convince Washington that highways “are a real economic necessary and they must be developed to the highest possible degree consistent with surrounding conditions and demands.” Second, they would have to “educate those who do not realize the importance of highway transportation.”[25]

Death of a Leader

With the war over, Secretary of Agriculture David Houston advocated an expanded Federal-aid highway program. Late in 1918, he announced that he wanted the Federal-aid program to resume as quickly as possible with larger appropriations. Aside from the value of good roads, he cited the desirability of furnishing work for returning soldiers and those no longer needed in the defense industries during the readjustment period. In an address to a conference of editors of agricultural journals, Houston endorsed the Federal Aid Road Act of 1916:

> There need be no delay in the execution of such a program; the nation has already provided the machinery in the Department of Agriculture and in the state highway commissions. The Federal-aid road act was fruitful of good legislation, and each state in the Union now has a central highway authority with power and funds to meet the terms of the Federal act.

Because the States had been considering road systems and making surveys, plans, and specifications, the time had arrived to move forward with the most important projects, with due regard to military and other needs:

> There is no necessity for any departure from this scheme. The suggestions made have been canvassed with the President, the Secretary of War, and the Postmaster General, and these officials are in accord with the view that additional funds should be made available to the Department of Agriculture, and that they should be expended through the existing machinery.[26]

By letter, Secretary of War Newton Baker agreed with Secretary Houston “that there should not only be a prompt resumption of road construction under the Federal Aid Road Act . . . but also that additional funds should be made available to your department for the extension of such work.”

[25] “Highway Industries Association Organized,” *Good Roads*, January 26, 1918, p. 41.
[26] “Would Expedite Highway Development,” *Engineering News-Record*, December 5, 1918, p. 1045.

President Wilson also supported the idea in a letter to Secretary Houston:

> I heartily agree with you that it would be in the public interest to resume in full measure the highway construction operations under the Federal Aid Road Act, and to do so as speedily as possible. I understand the necessity which existed for their contraction during the stress through which we have been passing, but that obstacle is now removed. I believe that it would be highly desirable to have an additional appropriation made available to the Department of Agriculture, to be used in conjunction, if possible, with any surplus state and community funds, in order that these operations may be extended. It is important not only to develop good highways throughout the country as quickly as possible, but it is also at this time especially advisable to resume and extend all such essential public works, with a view to furnishing employment for laborers who may be seeking new tasks during the period of readjustment. Knowing that the Department of Agriculture and the state highway authorities in each state have been carefully working out road systems and developing plans and specifications, I have no doubt that all activities in this field can be vigorously conducted through these two sets of existing agencies, acting in full accord.[27]

With plans for highway expansion under consideration, the shape of the postwar program was the main theme of a Joint Highway Congress of the Highway Industries Association and AASHO in Chicago, December 11-13, 1918. AASHO held its annual meeting in the Hotel LaSalle on December 9 and 10. The Highway Industries Association held its meeting at the Congress Hotel on December 13. The two associations held joint sessions at the Congress Hotel on December 11 and 12.

As participants convened, cooperation between State highway officials and officials of the U.S. Bureau of Public Roads (BPR) was improving even as progress was made in addressing the flaws in the program. Logan Waller Page, who had been Director of the BPR since 1905 and had played a key role in enactment of the Federal Aid Road Act of 1916, was seeking support for program changes he had prepared with the help of AASHO. His proposal reworded the post road restriction, removed the limitation on expenditures per mile, and increased Federal funding to $450 million over 4 years, including $50 million in the current year (FY 1919), another $75 million on July 1, 1919, and $100 million a year for the following 3 years. But the drive for long-distance roads was still strong. As Seely observed, Page’s efforts “were being swamped by calls for a national highway commission.”[28]

Director Page was scheduled to address the joint session on "Highway Control by the Federal Government Under War Conditions." He would not, however, live to deliver the speech. On December 9, 1918, he was at the Hotel LaSalle in Chicago attending a meeting of AASHO's executive committee. He became ill during dinner and retired to his room, where he died a few hours later.

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[27] “Wilson for Early Resumption of Construction Work,” *The Road-Maker*, January 1918, p. 16.
[28] Seely, p. 52.

Fork in the Road

Following Page's death, AASHO considered two resolutions about the future of Federal involvement in road improvement. According to a recollection of these events, written in 1943 by Iowa State Highway Engineer Fred R. White, AASHO "began to waver on the principle of Federal-State cooperation conceived by its founders and written into the Federal Aid Road Act of 1916." He described what occurred during the annual meeting in Chicago:

> It was inevitable that the battle of Federal-aid versus National Highways would come to a show-down at that convention. And it did. On the show-down resolution to endorse the National Highway plan, the convention voted 50-50. It was a tie. With the delegation present and voting from every State represented at the convention, we were split exactly even. By that slender margin and with not a single vote to spare, did this Association cling to its ideal of Federal-State cooperation laid down by its founders.
>
> You will find no account of this incident in the official records of the Association. With rare judgment and foresight the presiding officer suggested that in a matter of this importance and with the Association so evenly divided, it would be well to expunge the record from the Minutes of the convention. Both sides readily agreed. The record was expunged.[29]

A contemporary account stated:

> A long debate on these two measures followed their introduction and after a close vote had been taken, the matter was referred to committee with instructions to bring in a modified measure.[30]

The result was a compromise favoring Federal-aid, with some elements added to satisfy supporters of national roads. AASHO endorsed Page's legislative proposals, introduced by Senator Claude A. Swanson (D-Va.), for consideration during the third and final session of the 65th Congress (December 2, 1918 to March 3, 1919) and called for a revamping of the BPR:

> Resolved, that the executive committee is requested not to submit any further legislation than the Page bill to the present short session of Congress; that the executive committee formulate and submit to the various state departments, as soon as may be, a separate bill providing for a Federal body or officer with adequate power and funds to administer all Federal and Federal-aid highway laws, which are now, or may hereafter be, in effect. It is the sense of this meeting that the law should be so drawn as to take the fullest possible advantage of the experience and personnel of the present Federal administrative body, the effectiveness of which is hampered by the present limitation on salaries, and the present too

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[29] White, Fred R., "Federal-State Road Building Plan vs. Complete National Control," *American Highways*, January 1943, p. 11-12.
[30] "The Road Meetings at Chicago," *Good Roads*, December 21, 1918, p. 243-244.

> great centralization of the administrative functions, especially as concerns construction matters.

AASHO also favored "an adequate federal highway system upon which the federal aid funds may be concentrated," adding that the Federal system of roads "should be selected by the various states and connected at the state lines by the Federal department in cases where connections are not made by adjoining states." The resolution continued:

> Nothing in any federal enactment should prevent any state from gaining all the federal aid accruing to it nor deprive any state of the full administrative and legal control of all highways within its borders, and of the location of the improvements on the federal highway system.[31]

During the joint session with the Highway Industries Association, AASHO's Federal-aid supporters were far outnumbered by representatives of AAA, the National Automobile Chamber of Commerce (NACC), the trucking industry, and other interests favoring a national highway system constructed by the Federal Government. The delegates, according to an account in *Good Roads* magazine, "were overwhelmingly in favor of the more far-reaching plan of federal participation." *Engineering News-Record* stated that the discussion "waxed strongest on the question of proposed Federal legislation" and noted AASHO's resistance to "any bill which might curtail or restrict the powers of state officials."

AASHO, however, was outnumbered. Despite AASHO's concerns, the Joint Highway Congress approved a resolution that began by quoting President Wilson's recent statement. The participants resolved:

> BE IT RESOLVED: That a federal highways commission be created to promote and guide this powerful economic development of both highways and highways traffic and establish a national highways system.
>
> BE IT FURTHER RESOLVED: That the present appropriations for the federal aid to the states be continued and increased and the states urged to undertake extensive highway construction so as to keep pace with the development of this country and its transportation needs and that in carrying out the provisions of the present Federal Aid Act, or any amendment thereto, the state highway departments shall cooperate with the federal highways commission.
>
> BE IT FURTHER RESOLVED: That all governmental activities with respect to highways be administered by the federal highways commission.

When the Highway Industries Association met in its separate convention on December 13, its members approved a proposal by editor Mehren, who argued that the time was ripe for a national

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[31] "The Road Meetings at Chicago," p. 243-244;

highway system, built and administered by the Federal Government. There was little opposition to his resolution proposing a 50,000-mile system, consisting of 5 east-west routes and 10 north-south routes. The system would include 2 percent of all roads, would pass through every State, and could, Mehren estimated, be built for $1.25 billion, or $25,000 per mile. At $100 million a year, the Federal Government could build the system in about 12 years.[32]

Adjustments, Not an Overhaul

Little time remained to affect the highway bill under consideration in the short post-war Congress.

Several measures had been proposed in addition to Page's ideas, embodied in the Administration bill introduced by Senator Swanson. Senator Bankhead and several members of the Senate and House introduced nearly identical bills to modify the definition of "rural post road," increase approved funding levels, and extend funding through FY 1925. Senator Reed Smoot (R-Ut.) of the Committee on Post Offices and Post Roads had introduced a bill that would establish a United States Highway Fund by issuing 50-year bonds to generate up to $1 billion that would be loaned to the States for road construction. Another bill, also sponsored by Senator Swanson, embodied a proposal by the Postmaster General to use revenue from motor parcel post to improve a Federal network of motor express routes.[33]

In the end, an amendment introduced by Senator Bankhead was incorporated into the Post Office Appropriation Bill for 1920, which President Wilson approved on February 28, 1919. The Bankhead amendment authorized additional funds to supplement current authorizations ($50 million more for FY 1919, and $75 million each for FYs 1920 and 1921). Bankhead explained why:

> By reason of the fact that highway improvement has been held back during the past two years, large amounts of money have accumulated in State and county treasuries, many bond issues have been held back, and many improvements which ordinarily would have been made during the past two years will be undertaken in the near future. This will insure a much larger outlay in 1919, and it would seem that if the Federal Government is to become an influential factor in highway work, its contribution should be very materially increased.[34]

In addition to increased authorizations, the legislation amended the Federal Aid Road Act of 1916 to address concerns about the program. It increased the limitation of payments to $20,000 per mile

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[32] "State Highway Officials and Highway Industries Association to Meet at Chicago, Illinois," *Good Roads*, December 7, 1918, p. 218; "The Road Meetings at Chicago," *Good Roads*, December 21, 1918, p. 243-244; "National Highway System Gets Strong Backing" (p. 1108), Mehren, E. J., "A Suggested National Highway Policy and Plan" (p. 1112), "Representative Highway Congress in Chicago Unit for National System" (p. 1145), *Engineering News-Record*," December 19, 1918, p. 1112.

[33] "Six Highway Bills Introduced in Congress During December," *Engineering News-Record*, January 2, 1919, p. 66; "Proposed Federal Aid Measures," *Good Roads*, January 4, 1919, p. 7; *America's Highways 1776-1976*, p. 102.

[34] "Senator Bankhead on Federal Road Legislation," *Southern Good Roads*, March 1919, p. 6.

to aid States with higher traffic volumes. Another key change involved the definition of "rural post road," which the Bankhead amendment changed to read:

> . . . any public road a major portion of which is now used, or can be used, or forms a connecting link not to exceed ten miles in length of any road or roads now or hereafter used for the transportation of the United States mails.

This definition retained the "post road" concept from the Constitution, but essentially made every road, including the long-distance roads, eligible for Federal-aid funding. Senator Charles S. Thomas (D-Co.) objected to the revision, saying it "commits the United States to the improvement of every cattle trail, every cow path, and every right of way in the United States." *America's Highways 1776-1976* observed:

> This, of course, was exactly the effect desired by the Administration when it proposed the amendment. The new post road definition ended the pretence that Federal aid for highways rested even in part on Congress' constitutional power to establish a postal system.[35]

With these changes, Congress addressed the immediate concerns, but postponed resolution of the main issue—Federal-aid vs. Federal roads—until after the 1920 Presidential election. Congress would then have to decide whether to continue Federal-aid funding after FY 1921.

Federal Highway Council

On February 25, 1919, P. St. J. Wilson, Chief Engineer of the BPR, addressed the annual convention of the American Road Builders Association (ARBA) on operations of the BPR under the Federal Aid Road Act. Although any law, he said, would require amendment over time, the Federal-aid law "has developed comparatively few weaknesses." He pointed out that the Post Office Appropriation Bill, then awaiting the President's signature, dealt with the "post road" restriction and the $10,000 limitation, adding:

> It is a striking tribute to the effectiveness of the act that no other amendment, looking to any change in the existing measure, has been found necessary.

With the increased funding through FY 1921, he said:

> I do not know whether the States will be able to meet this tremendous appropriation, but it is a stirring call to them to rise to the great task of doing a double duty, first, of providing needed public improvements; and second, of meeting the great problem of unemployment.[36]

The effectiveness of the 1916 Act, even with the 1919 amendments, was questioned later in the convention when S. M. Williams headed a session on national highways. He called for

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[35] America's Highways 1776-1976, p. 102.
[36] Wilson, P. St. J., "Operations of the Bureau of Public Roads Under the Federal Aid Road Act," *Proceedings of the Sixteenth Annual Convention of the American Road Builders' Association*, February 25-28, ARBA, p. 13.

"development of our highways upon broad and intelligent lines" to benefit industry and "every man in the country, because I do not know of any man, regardless of what his profession may be, that does not have a personal interest in highway development."

Other speakers used the wartime experience to support national highways, pointing out that the inability of the Nation's railroad network to carry the wartime load had given motor trucks and highways the opportunity to demonstrate their importance. As T. Coleman Du Pont of the National Highways Association explained, the Federal-aid program was not adequate for the task ahead. It had helped the States build "a piece of road here and there . . . without regard to improving the roads that will ultimately come into a system of national highways." Further, many of the roads that had been improved happened to be "those sections of the road where people who are prominent in political parties had a pull."[37]

Mehren presented a report on behalf of the Committee on National Highways. He summarized the benefits of a national highway system built and maintained by the Federal Government, identifying them under the headings: political or spiritual; economic; military; and the example it would set for all highway construction and maintenance. A 50,000-mile system would serve "directly or with a reasonable degree of directness, 87% of the population of the country." The committee also advocated a Federal Highway Commission "which would have no other duty or responsibility than that of studying, planning, building, and maintaining the national highway system."[38]

During the Business Meeting, ARBA adopted resolutions expressing satisfaction with the increased funding for the Federal-aid highway program but also endorsing creation of a Federal Highway Commission to "promote and guide this powerful economic development of both highways and highway traffic and establish a national highway system." The *Proceedings* included an editor's note stating:

> The resolution relative to the creation of a national highway commission and the establishment of a national highway system provoked some opposition. After considerable discussion, however, the meeting adopted the resolution as presented by the committee by a vote of 41 to 17.[39]

Even before the Post Office Appropriation Bill became law on February 28, Senator Charles E. Townsend (R-Mi.) introduced a bill to establish a Federal Highway Commission, each member to be appointed by the President and paid $10,000 a year. The commission would establish a Federal highway system of not less than two trunkline roads in each State. Appropriations would total $425 million through FY 1923. The Secretary of War would provide surplus motor vehicles and

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[37] Du Pont, an engineer trained at the Massachusetts Institute of Technology, was President of the family's E. I. du Pont de Nemours Powder Company in Wilmington, Delaware, a United States Senator, and a good roads advocate. He had financed and built a major highway through Delaware, known as the Dupont Highway, and donated it to the State as an object lesson for others around the country to duplicate. For information on the National Highways Association, see "Good Roads Everywhere: Charles Henry Davis and the National Highways Association" at http://www.fhwa.dot.gov/infrastructure/davis.htm.

[38] *Proceedings*, p. 143-167.

[39] *Proceedings*, p. 222-225.

equipment to the commission, which would take over all government highway agencies. Senator Townsend did not ask Congress to approve his bill during the present short session. He introduced it to secure comments and criticism that would lead to intelligent action during the 66th Congress, which would begin in May.[40]

Since the Joint Highway Congress in December 1918, the Highway Industries Association had reached out to organizations around the country seeking support for a Federal Highway Commission. By February 1919, 425 chambers of commerce and boards of trade had endorsed the proposal, as had 350 other organizations, including Rotary and Kiwanis Clubs and national and State good roads organizations. Within the next few months, according to Seely, "thirty-eight state highway departments supported this effort, as did tire manufacturers, the auto makers, the National Grange, the Portland Cement Association, and Rotary International."[41]

On April 8, 1919, Williams and other advocates returned to Chicago to organize the Federal Highway Council. Its mission would be to support creation of a Federal Highway Commission and a national system of interstate highways. Williams, who was named council chairman, told participants that, "Unfortunately we have not, as a country, awakened to the fact that our highways have an earning capacity which can only be increased with the improvement of the highways." The benefits of the proposed interstate highway system included a lower cost of farming, the increased comfort and pleasure of every man, woman, and child, and "a better country by welding together in closer association its different sections."

In addition to Williams, council leadership included Shirley, secretary-treasurer; du Pont, vice chairman representing the National Highways Association; and representatives of AAA, the NACC, ARBA, and the Great Northern Railroad Company. The board of directors and advisory committee included many State highway officials, including Hirst, and industry representatives.[42]

From the State perspective, the council represented mainly the interests of eastern and north central States that had well-defined, limited State highway systems and strong highway departments. An article about creation of the council in the May 1919 issue of *Highway Engineer and Contractor* quoted several State highway officials without identifying them. A "prominent official representing the Highway Department of one of the largest states" was quoted as writing in support that he hoped the commission would not seek State cooperation, which would prove to be "most unsatisfactory and embarrassing to the commission." He explained:

> Where co-operation is necessary, any state can hamper and obstruct construction until the demands of that particular state, or perhaps a small coterie of men within the state, are satisfied.

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[40] "New Highway Bill Introduced in Congress," *Engineering News Record*, February 27, 1919, p. 446.
[41] Seely, p. 52.
[42] "Federal Highway Council Formed," *Engineering News-Record*, April 17, 1919, p. 790; "Federal Highway Commission," *Highway Engineer and Contractor*, May 1919, p. 53-54.

Another "prominent state highway official" said: "When local co-operation is required the needs of local traffic will always be given preference as against the needs of through traffic in locating roads to be improved." Relying on the States to select roads would force through traffic "to make considerable detours and not travel the most direct routes."

Yet another "prominent state highway engineer" endorsed the Townsend Bill concept of a commission headed by several men rather than the present BPR with its single head:

> With a problem as diversified as in the construction and maintenance of highways throughout the United States, I believe we should have the benefit of the composite judgment of men representing different interests and parts of the country.

These sentiments, although attributed to State highway officials, were common throughout the debates about the Federal role in transportation from 1916 through 1921. As reflected in du Pont's comments to ARBA, many highway advocates, particularly those who favored long-distance roads over farm-to-market roads, considered the States to be the source of pork-barrel politics. This defect could be avoided only if the Federal Government took over the design and construction of Federal roads.

At the same time, the BPR had come to symbolize the State-oriented view that advocates of long-distance roads saw as lacking in vision. Criticism of the BPR, therefore, became part of the debate over the direction of the Federal road program. *Engineering News-Record* called the BPR "the most conservative body in the country on highway policy," echoing the words of its editor.[43]

Thomas H. MacDonald

Although AASHO and the Highway Industries Association disagreed on the Nation's highway needs, they agreed on the need for a strong new leader of BPR. And they agreed that salary was an obstacle to finding such a man. An editorial in *Engineering News-Record* for December 26, 1918, foresaw "a new era in highway work," one in which "an engineer of vision and strength" was essential for BPR, even though a Federal Highway Commission "should be created soon." The editorial stated:

> Lack of vision and of sympathy with new conditions have been the chief deficiencies in the bureau in the immediate past. But of one thing the President and the Secretary need to be forewarned—they cannot obtain the type of man needed for $4500, which is the very inadequate salary attached to the directorship.

The editorial suggested an annual salary of $10,000.

AASHO recommended Thomas H. MacDonald for the job. Born in Leadville, Colorado, in 1881, MacDonald moved with his family to Iowa in 1884. He received his bachelor's degree in civil

[43] "National Highway System Gets Strong Backing," *Engineering News-Record*, December 19, 1918, p. 1108."

engineering from Iowa State College in 1904. That same year, the college was designated a commission to study road improvement, with MacDonald as Assistant Professor of Civil Engineering and head of the road investigation. He became State Highway Engineer in 1907 and Chief Engineer of the Iowa State Highway Commission when it was formed in 1913. In this role, he worked with the small AASHO committee that drafted the Federal-aid bill that Senator Bankhead introduced in 1916. He had been an ally of Logan Page and was dedicated to the Federal-aid concept.[44]

From his experience in Iowa, he was better suited than Page to the postwar mission. Seely explained why:

> If Page, with his laboratory background and moral crusader's outlook, had been the perfect choice to head the OPR in 1905, MacDonald brought traits that were equally well suited for running the BPR in 1919. His years in a state highway department gave him the insights essential for managing a cooperative federal-aid program . . . . As the moral emphasis of the Progressive Era died out, killed largely by the war, MacDonald brought to the office a justification of road work that stressed more narrow economic and technical terms, a shift that seemed in tune with the times.[45]

MacDonald was prepared to accept Secretary Houston’s offer when it became clear that Congress would approve a salary of $6,000 a year, an amount MacDonald felt would accommodate the higher cost of living in Washington and the additional expenses he would incur in discharging his responsibility to foster friendly relations with the State highway departments. However, he wanted one last assurance.

In a letter to the Secretary on March 20, 1919, MacDonald said he wanted to ensure he would be able to make the adjustments to "assist in changing the present attitude of criticism toward the Department and to insure the cordial co-operation of the state highway officials . . . ." The changes were decentralization of responsibilities to the BPR’s District Engineers; increased salaries for the District Engineers to retain their services; adoption of the "most liberal policy possible" in interpreting existing laws to get construction underway rapidly; and provision for an advisory committee, to be selected by AASHO, to help improve Federal-State relations.

These conditions being acceptable, Secretary Houston appointed MacDonald on April 1, 1919, "engineer in immediate charge of the work under the Federal-aid road act." When the salary of $6,000 was confirmed, he was appointed "Chief of Bureau" on July 1, 1919.

Although MacDonald was committed to the Federal-aid concept, he believed the key to making the program work was to reestablish the spirit of partnership that had foundered under Page, especially during the war. As a former State highway officials, MacDonald had a first-hand understanding of

[44] *America’s Highways 1776-1976*, p. 176.
[45] Seely, p. 54.

how the BPR was perceived by its State partners. He used that understanding in his campaign to restore the Federal-aid spirit. In a memorandum dated May 25, 1919, he advised all BPR engineers:

> It requires unusual tact and ability on the part of our engineers and our organization to act in harmony with so large a number of officials and under such a variety of conditions. Our success will depend largely upon the attitude of mind and confidence we establish on the part of the State officials.[46]

In that spirit, he tackled some of the problems that could be dealt with administratively. For example:

- He redefined the slippery term "substantial construction" to give States increased flexibility (roads should meet local traffic requirements and could be upgraded to that level in stages).
- He expedited BPR's reviews of State plans, although he retained tough standards (for example, BPR rejected wooden bridges and refused to participate in questionable construction contracts).
- He worked with the Interstate Commerce Commission to expedite shipment of portland cement amidst the severe rail shortage after the war.
- In 1919, he asked Wisconsin's Hirst to select five of his peers to form an Advisory Committee to suggest ways of improving cooperation between the States and BPR.
- He also made the BPR's technical expertise available to help the State highway agencies deal with problems beyond construction projects.

In these and other ways, MacDonald restored the foundation of the partnership. As Seely pointed out:

> He received the credit for removing bottlenecks in the inspection and approval process, and largely ended the adversarial atmosphere that had appeared in federal-aid administration without reducing the bureau's ability to enforce standards. He also restored the feeling, which had existed before 1916, that the BPR was the place to turn for assistance with any type of highway problem. Thus the basis of success in the emerging federal highway program continued to be the technical expertise of the BPR and the cooperative attitude of these federal experts.[47]

Shortly before MacDonald took office, he received a note dated March 25, 1919, from the BPR's John M. Goodell, who had been informally advising him of activities in Washington during discussions of the appointment. Having heard that MacDonald was thinking about attending the April meeting where the Highway Industries Association organized the Federal Highway Council, Goodell advised against it. Noting that the goal was "to push a national highway system and commission," Goodell informed the incoming Chief that, "Everything that money and men can do

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[46] Seely, p. 56.
[47] Seely, p. 56-59.

to attain its objects is being done." He added, "but the sledding is none too easy, I hear." Attending the meeting would be going "into the very camp of the enemy."[48]

The Townsend Bill

When the 66th Congress convened on May 19, 1919, the Republicans had gained control of the Senate and House of Representatives during the November 1918 off-year (non-presidential) election. Senator Townsend became Chairman of the Committee on Post Offices and Post Roads, while Congressman Dunn, who had opposed enactment of the Federal Aid Road Act of 1916, became Chairman of the House Committee on Roads.

Townsend called a meeting in Washington on May 20 to discuss Federal highway legislation. State highway officials and leaders of the Highway Industries Association joined the Senator for the discussion. When the Townsend Bill was reintroduced in the 66th Congress on June 2, 1919, it was altered from the earlier version. *Engineering News-Record* summarized the new bill (S. 5626):

> Among the principal changes is the reduction in the number of commissioners from five to three, decreasing their terms from seven to six years. The bill provides that not more than two of the commissioners may be of the same political party. In cases where states have so framed their highway laws that they can take advantage of Federal aid only through the Secretary of Agriculture, he shall act jointly with the proposed Federal Highway Commission in administering the Federal-aid law in those states.
>
> All present Governmental road agencies, with the exception of those pertaining to the War and Navy Departments are transferred to the proposed new commission.[49]

The commission was to select the highways to be included in the national highway system within 2 years of enactment of the legislation.

The Highway Industries Association and other supporters of long-distance roads launched an extensive campaign to gain support for the new Townsend Bill. One of the organizations supporting the bill was the Chamber of Commerce of the United States. During its annual meeting on April 30, the chamber adopted a resolution favoring "a comprehensive national policy" that would direct Federal funding "to national needs for interstate commerce, agriculture, postal delivery, common defense and general welfare." Accordingly, the chamber resolved:

> Congress should create a Federal highway commission, independent of present departments of the Government, composed of members from the different geographical

[48] Thomas H. MacDonald Papers 1919-1957, University Archives, Sterling C. Evans Library, Texas A&M University, MAC 0213.
[49] "Townsend Highway Bill Reintroduced in Congress," *Engineering News-Record*, June 12, 1919, p. 1180. The bill was introduced for Senator Townsend by Senator Truman H. Newberry (R-Mi.), who had joined the Senate at the start of the 66th Congress, and referred to the Committee on Agriculture, which referred it on June 3 to the Committee on Post Offices and Post Roads.

> sections of the country, to perform all executive functions of the Federal Government pertaining to highways, including those relating to existing appropriations in aid of state construction . . . . Congress should make substantial appropriations for the construction and maintenance of a national highway system to serve the need for the maintenance of inter-state travel and traffic . . . . Expenditures of funds should be permitted only for highways which are of a permanent type, having thorough drainage, substantial foundations, sufficient width and a capacity for traffic which will be reasonably adequate for future needs.[50]

Similar resolutions were circulated to local chambers of commerce, one of which wrote to Secretary Houston to request his views. Houston's reply was widely reprinted in highway journals, with the BPR ensuring its circulation by reprinting it in the June 1919 issue of its own magazine, *Public Roads*. The reply began by pointing out "certain fundamental considerations" that should be reflected in a sound policy of highway administration and development:

> (1) The roads in each section of the country are of varying degrees of importance in the service which they render or may render to the particular locality, to the State, and to the Nation as a whole. (2) This is a big country and the traffic conditions and needs vary greatly from section to section. (3) The State highway departments, being in immediate touch with local conditions, are best able to classify the roads properly on the basis of the economic purpose which they may serve. (4) The Federal Government, under the present Bankhead Federal Aid Act, is cooperating in the improvement of the roads of greatest importance, the classification of which is fixed by the State highway departments; and (5) when this classification has been carefully made and by agreement between the highway departments of adjoining States, the roads of first importance generally meet at State boundaries, and, therefore, become interstate highways of nation-wide utility. The Federal Government, under the present law, is aiding the State highway departments in the classification of their roads on the basis of importance and needs, and Federal aid is rapidly being extended for their improvement, on projects submitted by the States and approved by this department.

With those points in mind, Secretary Houston was "unable to see the need for the creation of a separate Federal highway commission or the wisdom of substituting for the present cooperative program a plan which would commit or limit the Federal Government to the construction of two federally owned and maintained trunk lines in each State of the Union." After summarizing the Townsend Bill and the 1916 Federal Aid Road Act, he acknowledged that the original legislation contained "certain features . . . that made its smooth administration difficult." These, he said, had been corrected by the Bankhead amendment to the post-office appropriations act. As a result, he saw "no special obstacle" to the construction of roads "that would serve the greatest economic needs."

Aside from the corrections in the Post Office Appropriation Bill for 1920, the Department had brought in MacDonald, "one of the most successful former State highway engineers in the country" to head the BPR. The amended legislation would be implemented by the BPR, "one of the largest

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[50] "Chamber of Commerce for Federal Highways," *Engineering News-Record*, May 8, 1919, p. 936.

and most effective organizations of its kind in the world," in close cooperation with the 48 State highway departments. A State advisory committee was to be established "to work in intimate touch" with the BPR:

> This machinery, in effect, is an expert national commission intimately in touch through its various parts with all sections of the Union, having no other purpose than that of serving the public interest. It is difficult to see what need there can be for additional machinery.

Funding was another question. With $300 million available for the Federal-aid program, the Secretary thought it "scarcely likely" that Congress would made additional large appropriations available for the national commission. He added, "it would be impossible without creating many complications" to divert present funds from "the purposes and plans already under way under the cooperative arrangements with the States."

He was "convinced that nothing material would be gained by the proposed change." In fact, he said, "Much would be lost." Creation of the commission would add unnecessary administrative expenditures even though the commission could not do anything the current cooperative machinery could accomplish. He did not think the American people would support diversion of the funds to two main or trunk-line automobile roads in each State. Moreover, he thought the present system would result in roads that would serve the needs of long-distance travel by automobile or motor-truck, but also the farm interests. He said:

> I have no prejudice against any sort of road except a bad road, or against any sort of construction except wasteful and unsubstantial construction.

Why introduce complications when the present law "will result, in a shorter time than most people imagine, not only in a network of good, substantial roads in the various States of the Union, but also in the requisite interstate highways"? He concluded:

> It is difficult for me to see why all who are animated by high public spirit in their thinking concerning highways should not cooperate in the development of present programs and in the perfection of the existing processes and machinery, instead of attempting to overthrow them. I believe that many of those who are backing the proposed change do not know the facts and are not aware of existing conditions and possibilities. [51]

When *Highway Engineer and Contractor* printed Secretary Houston's response, the magazine added comments by Dr. H. M. Rowe, past president of AAA and a member of the AAA special committee devoted to passage of the Townsend Bill. Compared with Secretary Houston, the magazine said, Dr. Rowe was "a man who is equally, if not better able to tell what the people want." Dr. Rowe stated that "building a National Highway System is indicated not only by public sentiment, but by the weight of Government precedent." Highways should be considered "in the

[51] "Secretary Houston Discusses Federal Road Commission Bill," *Public Roads*, June 1919, p. 3.

same class of public activity as railways, waterways, merchant marine, the national banking system and, in fact, any of the great distinctly national undertakings." He said:

> It seems a self-evident proposition that the building of a national system of highways will form an enterprise of such magnitude and such complexity as to put it entirely beyond the sphere of a single bureau or other subdivision of an executive department and if, therefore, it be considered in the class of these greater national enterprises I have named, we should naturally expect to see the same kind of administrative machinery established for highways.

He demonstrated how each of the other enterprises was managed by an independent Federal agency that served no other purpose. (The railroads, which were privately built and owned, had been taken over by the Federal Government for the duration of the war, but in peace time were subject to the requirements of the independent Interstate Commerce Commission.). No such independent agency existed to build the desired highway network. The Departments of Agriculture, War, and the Interior might have a claim for building such a network, as could the Post Office Department. However, in each case, highways would be "a minor undertaking" in comparison with the agency's other responsibilities. He concluded:

> From the standpoint of directness, of responsibility, timeliness of action and comprehensiveness of knowledge, a commission devoting its whole time to the one single task could not fail to accomplish far greater results than would be possible through the medium of a cabinet officer who would be devoting the greater part of his time and attention to matters wholly foreign to highways. It would seem that the commission plan is unassailable.[52]

In June 1919, AAA assembled in Atlantic City, New Jersey, for its annual meeting. The address by David Jameson, AAA's president, recalled the "pioneers in the early recognition of the importance of motor transportation" who had formed the organization in 1902. Although "the era of good road building has arrived," he warned that none should think "our mission is ended, that our work is done." He explained:

> There is more and more work for the motor clubs and their central organization. Its kind changes, but its quantity increases with the years. We have advocated the appropriation of public moneys. We are in honor bound to assist in its wise expenditure. We have long favored a National Highway Commission entrusted with this duty. We have been assisting and shall continue to assist in procuring the enactment of the legislation needed to create such a commission.

George Diehl of AAA's Good Roads Board outlined the campaign. He recalled that before 1916, AAA had sponsored Federal Aid Conventions in Washington. "We possess the gold pen with

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[52] "Federal Highway Commission Bill," *Highway Engineer and Contractor*, June 1919, p. 35-37.

which President Wilson signed the Federal Aid Road Act." Now, however, the focus had shifted:

> We are now solidly behind what is known as the Townsend bill, calling for a Federal system, to be in charge of a Federal commission. We have figured in the developments which led to the introduction of this bill, and we shall utilize our country-wide strength in working for it.

He told the meeting:

> It is a safe prediction to make that in the next five years more money will be spent on highways in this country than ever before, besides which there will come a gradual linking up of the main routes, both of an intrastate and an interstate character. Road travel and transportation are here and it is no longer necessary to advocate road building, for it is simply a case of obtaining the money and then seeing to it that it is properly expended.

The members adopted two resolutions addressing Federal road expenditures. One called for an amendment to the Federal Aid Road Act to address a concern that "the present interpretation of the road act does not bring substantial results" in establishing State road systems:

> RESOLVED, That the American Automobile Association urge and call upon other organizations to co-operate in petitioning Congress to amend the Federal Aid Road Act in such manner as to provide definitely for the expenditure of the joint Federal and State money on highways which shall be included in defined State systems of roads.

The resolution also urged that the Secretary of Agriculture be given the power to increase the Federal share to 75 percent "whenever in his judgment both the intrastate and interstate needs can be best served."

A separate resolution addressed AAA's desire to replace the Federal-aid highway program:

> WHEREAS our national policy in the early days of the Republic recognized the necessity for national highways; and
> WHEREAS traffic conditions of today can only be effectively met by Federal legislation by reason of the enormous volume and wide radius of travel of motor propelled traffic seeking main routes and crossing State lines; and
> WHEREAS the highways of interstate importance should be for that reason a national charge and cannot be selected or financed with due regard to equity and practical accomplishment except by a Federal agency. Therefore, be it
> RESOLVED, That the American Automobile Association urges upon the Congress of the United States the early enactment of a measure providing for the selection, construction, and maintenance of a connected system of main highways by a Federal highway commission, with the advice and consent of the States; that the entire expense of such highway system be paid out of the national treasury; that one provision be made to meet equitably the requirements of justice in States wherein the area is largely held by the Federal Government,

> and in States which have or shall have constructed portions of highways of national importance at State or local expense; and that we fully endorse S. 1309, commonly known as the Townsend bill, as fully meeting the needs of a national highway policy.[53]

Federal-Aid Rebounds

This period proved to be the high point for advocates of the Townsend Bill. With the Federal-aid highway program funded through FY 1921, Congress had no need to return to the subject. This interregnum gave Federal-aid supporters time to counter the national highway advocates.

Even as AAA and other advocates of the Townsend bill stepped up their promotional activities, the BPR published an article in the July 1919 issue of *Public Roads* that addressed the subject indirectly. The title of the article was:

JUNE A RECORD-BREAKING MONTH
FOR FEDERAL-AID ALLOTMENTS

The BPR had considered 239 Federal-aid projects during the month, and approved 133 of them. The approved statements covered 1,426.84 miles of road at an estimated cost of $25,611,314.99 (Federal share: $11,725,500.61). "The road-building era," the article stated, "is in full swing, and it would seem that the end is not yet." The BPR expected "yet greater records in the months immediately to come."

As if in direct response to AAA, Judge J. M. Lowe, president of the National Old Trails Road, and other advocates of long-distance roads who often cited the National Road, the article high-lighted Illinois Project No. 9. It "contemplates, after the lapse of nearly a century, the completion of the Old National Road, extending from the Potomac to the Mississippi, which already has been largely improved as far west as the Indiana line." Project No. 9 would extend the improvement from East St. Louis across the State to the Indiana line:

> The proposed type of surface is monolithic brick and concrete pavement, the average cost of which is about $30,000 per mile.

In this way, the article, which included a brief history of the National Road, responded to those who advocated national road construction and increased expenditures per mile to build roads to a higher standard. These goals could be attained, the article implied, through the Federal-aid highway program of cooperation between the BPR and the State highway agencies.[54]

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[53] "Mr. Jameson Continues; Mrs. Morrell Begins," *American Motorist*, July 1919, p. 10-12, 42. (The title refers to the fact that Mr. Jameson was re-elected to the post of AAA president and Mrs. Robert Lee Morrell of New York City was elected president of AAA's Metropolitan Division. "The far-seeing ones also suggested," the article explained, "that the time had come when a woman ought to be included in the vice-presidential list.")

[54] The first two parts of a history of Judge Lowe and the National Old Trails Road can be found at http://www.fhwa.dot.gov/infrastructure/trails.htm and http://www.fhwa.dot.gov/infrastructure/not2.htm.

Seely identified some of the factors that led to the faltering of enthusiasm for a Federal Highway Commission:

> Quarrels among the various backers of the Townsend bill over who should lead the campaign hampered genuine cooperation of the public relations effort. A more serious problem was the continuance of federal-aid, for even highway engineers who supported a national commission hesitated to jeopardize the money already appropriated. Congress in 1919 certainly had no desire to consider a plan that would not take effect for two years. So in spite of warnings that waiting until federal aid expired in 1921 would jeopardize their chances, most supporters of the commission favored such a delay. As a result, the sense of urgency about a national highway commission palpable in early 1919 was frittered away.[55]

The improving relations between the State highway agencies and the BPR under Chief MacDonald further damaged the push for a Federal Highway Commission. Although many States had endorsed the Townsend Bill early in the year, when AASHO held its annual meeting in Louisville, Kentucky, on December 8-11, 1919, its members adopted a resolution urging "continuance of Federal operation with the States in the building of roads under the terms of existing law and under the direction of present agencies." After recommending the appropriation of $100 million a year through FY 1924, the resolution went on:

> That we favor an adequate national highway system upon which the Federal aid funds will be concentrated. This system shall be selected by the various States in cooperation with the Bureau of Public Roads, and connected at the State lines by the Federal department in cases where connections are not made by the adjoining States.
>
> Realizing that the improvement of a system of national highways will be brought about in much shorter time through the cooperation of the Federal Government and the States under the plan proposed by this resolution, we favor the passage at this time of only such appropriations as will insure the continuation of the Federal aid as provided for in this resolution.

White, in his recollection of the period, recalled the behind-the scenes maneuvering prior to adoption of these resolutions. Following the 1918 vote, he said, "Both sides marshalled [sic] their forces for the next test of strength." He traced the turnaround to a meeting called by Kansas Governor Henry J. Allen (R), a newspaperman who had taken office on January 13, 1919. He invited State highway officials from surrounding States to meet with him in July to plan a campaign in support of Federal-aid and in opposition to the Federal Highway Commission. W. C. Markham, Secretary-Director of the Kansas State Highway Department, was "the principal guiding spirit" during the meeting. White set the scene:

> On the date of the Kansas City meeting, there was pending before the Senate Committee on Postoffices [sic] and Post Roads of the National Congress, a bill introduced by the chairman

[55] Seely, p. 53.

> of that committee [Townsend], to destroy the Bureau of Public Roads in the Department of Agriculture, create in lieu thereof a National Highway Commission, and set up a limited mileage national highway system to be owned, controlled, constructed, maintained, and operated by the National Highway Commission. The circumstances were further complicated by the fact that the chairman of the Committee on Roads of the House of Congress [Dunn], was opposed to the principle of Federal-aid to the States in highway building. He was, therefore, naturally, using his position and influence to discourage and prevent further appropriations of Federal-aid road funds. The small group of State Highway Department representatives at Kansas City faced a tough problem. There was no room for compromise. They must fight it out to the finish. They must whip the other fellow or take a beating themselves.

The seven States represented at the meeting developed a memorial petition to Congress in support of Federal-aid and opposing the national highway plan. They circulated it among the other State highway departments that were believed to favor its points. "It was a long and difficult task. Some States readily endorsed the memorial; other States were not so clear in their convictions; they asked for facts, figures, and explanations." This effort was underway when AASHO held its annual meeting in Louisville:

> When that convention met, exactly one-half of the States (24 States) had in writing gone on record in support of the continuation of the Federal-State cooperative road building plan as opposed to a national highway plan. Again the convention was faced by an exactly even division of its member State Highway Departments. The struggle to line up deciding votes on this matter monopolized the time of the convention. Convention activities went on as per the printed program, but a substantial number of the delegates (and W. C. Markham was one of them) never did attend any of the convention sessions. They spent their time in hotel rooms, lobbies and corridors, discussing, arguing and persuading, on the Federal-aid versus national highway contest.
>
> By the fourth day of the convention, twelve additional States had signed the Kansas City Memorial. Thus three-fourths of the State Highway Departments committed themselves to the Federal-aid program. The Association reaffirmed its faith in the principle of Federal-State cooperation in highway building.[56]

Refining the Program

Senator Townsend opened hearings of the Committee on Post Offices and Post Roads on "Good Roads" on May 4, 1920. He summarized the issue facing the Congress:

> The question before Congress is whether we shall continue that method of Federal aid, and if so, whether we wish to appropriate larger sums of money to use after 1921, or whether we wish to change that policy and adopt some other.

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[56] White, p. 12.

His first witness was M. O. Eldridge, AAA's Director of Roads. He had been the ORI's third employee, joining the BPR's predecessor organization in 1894 as a draftsman, and rising to Assistant Director. He was one of the organization's most prolific writers and speakers, in demand for good roads conventions around the country. He had drafted the first Federal-aid bill with Director Martin Dodge for Congressman Walter P. Brownlow (R-Tn.), who had introduced it on December 1, 1902. Eldridge left the BPR in 1919, and now supported creation of a Federal Highway Commission to build a National Highway System. Based on his unique position to observe Federal-aid in operation, he described for the committee some of the weaknesses of the Federal-aid program. For example, one of the weaknesses was the matching requirement:

> [Matching] funds are raised by the various States from State sources for the purpose of meeting State aid and Federal money. There are several States, however, which depend entirely upon local contributions to meet Federal money. We feel that if the Federal aid act is accepted in the spirit in which it was passed, that the States should be willing to raise from general taxation a sufficient amount of money to meet the Federal appropriation and not depend upon the counties to produce this money. The Federal Government raised this money from the wealthier States and it is distributed throughout the country—in other words, contributions in a way from the wealthier States to the poorer States.

When Chairman Townsend asked what difference the source of matching funds made, Eldridge explained, "The whole idea of an aid measure is to permit the stronger unit to help the weaker." Relying on the weaker, as in these States, he said, "We would never within a reasonable time be able to build an adequate system."

The committee heard from many other advocates of long-distance roads, including George Diehl of AAA, Henry Shirley, and S. M. Williams. Several State highway officials, as well as BPR officials, including Thomas MacDonald, testified in support of the Federal-aid highway program. .

On August 30, 1920, MacDonald released a statement indicating that in the absence of Federal legislative action during the current fiscal year, "the resulting uncertainty as to the future of this work will seriously handicap the States and cause the entire road-building program to suffer a serious setback." The final funding authorized for the Federal-aid program, $100 million, had been apportioned to the States on July 1. MacDonald believed, however, that the States should know at least a year in advance what funds would be made available to them so they can plan their construction activities.[57]

Eldridge reported on MacDonald's comments in the *American Motorist* column "Highway News, Views and Gossip." While agreeing that "a definite and well-established policy should be adopted

[57] "Last Federal Aid Money Allotted," *Western Highways Builder*, September 11, 1920, p. 9, 18.

promptly," Eldridge said of the proposal to renew the Federal-aid program:

> There is a widespread feeling that Federal funds are being dissipated in a number of States on highways which have little or no national significance, and that Federal dollars are being used by some States as a bait to raise money for the building of roads which by rights ought to be built by the States, by the States and counties, or by the counties themselves without Federal assistance.
>
> Under the present arrangement some States, especially those containing vast areas of Government owned, non-tax paying lands, and innumerable counties are seriously embarrassing themselves to meet the Federal appropriations.
>
> As a result there is a growing demand for a comprehensive system of national highways, laid out and paid for by the Federal government and properly coordinated with roads constructed and maintained by the various States and counties.[58]

The changes in the program and the increased funding authorized in February 1919 accelerated the Federal-aid highway program, but it was soon hindered by economic conditions affecting the country.

The Federal Government had accumulated huge deficits to finance its participation in the war. As a result, according to financial historian John Steele Gordon, "The First World War caused a serious inflation and the Consumer Price Index nearly doubled between 1915 and 1920." The Federal Reserve, created in 1913 as a central bank to help avoid the disruptive swings that had characterized the American economy, kept interest rates low until November 1919. "Then it moved the rediscount rate—then its major means for influencing interest rates—in a series of abrupt steps from 4 percent to 7 percent over the next eight months." This was, Gordon said, the Federal Reserve's "first serious policy mistake." He explained:

> The economy, in fact, had already been moving toward recession with the end of vast military orders and the revival of European agriculture. The Federal Reserve's action turned a decline into a near disaster. The money supply contracted by 9 percent, while unemployment shot up from 4 to 12 percent. GNP [Gross National Product] declined by nearly 10 percent.

He added that the move reversed wartime inflation, with wholesale prices experiencing "one of the sharpest declines in American history" between 1920 and 1921.[59]

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[58] Eldridge, M. O., "Growing Demand for Federal System," Highway News, Views and Gossip, *American Motorist*, October 1920, p. 26.
[59] Gordon, John Steele, *An Empire of Wealth: The Epic History of American Economic Power*, HarperCollins Publishers, 2004, p. 295-296.

These changes in the broader economy affected the road builders who were ready to get to work after the war. The BPR's annual report for FY 1921 summarized the problems:

> The first part of the [fiscal] year, that is, from July to October 1920, was marked by railroad congestion [affecting transportation of materials for road construction], material shortages, high prices, and scarcity of labor. These conditions not only worked to the disadvantage of contractors who had entered bids when prices were lower and working conditions more favorable, but they also tended to reduce the amount of work placed under contract and generally to obstruct the progress of highway construction.
>
> About the close of the 1920 working season there was in progress a change in general economic conditions which continued throughout the winter. As a result, when the 1921 working season opened, labor was more plentiful and wages were somewhat lower; the material supply, because of large curtailments in general building enterprises, was adequate, and the [rail] car shortage, which had been so large a factor in hampering the preceding year's work, was entirely eliminated. There had appeared, however, instead of the labor, material, and transportation difficulties of the previous year, the money stringency, which has marked the balance of the fiscal year 1921. During this period bank credits have been difficult to secure, bonds have been disposed of with difficulty, and while construction work has gone steadily forward and a large amount of new work has been let, the bid prices have not been reduced below last year's figures as greatly as had been expected.

The "money stringency" reduced rates for bond sales and increased rates for loans that contractors often needed for their work.

In addition, the fact that FY 1921 was the final year of authorizations posed a new set of problems, as explained in the annual report:

> The fact that a new apportionment of funds was not made in January, 1921, made it impossible for the States to maintain an unbroken continuity of policy and administration in respect to Federal-aid work, and this condition has resulted in an unprecedented number of withdrawals, cancellations, and modifications of existing projects as the States have endeavored to adjust their programs to a reduced rate of expenditure.

Given "so large and important a national policy as Federal aid implies," the report stated, "the Federal Government should as nearly as possible be uniform, consistent, and prompt." The report added:

> The probable cost of administering Federal aid in the several States will no doubt be appreciably increased, owing to the fact that the States do not yet know whether Federal aid will be continued, under what conditions it will be continued, or what appropriation is likely to be made, so that it is practically impossible for them to make any definite plans with

> respect to the administration or financing of future work or to conduct the necessary studies preparatory to filing applications for additional aid.[60]

A New President

Before Congress considered the Federal-aid highway program again, a new President would take office. In 1920, the Republicans nominated Senator Warren G. Harding of Ohio, with Governor Calvin Coolidge of Massachusetts as the Vice Presidential candidate. The Democratic nominee was Governor James M. Cox of Ohio. His Vice Presidential candidate was Assistant Secretary of the Navy Franklin Delano Roosevelt, who had assumed office in March 1913 with the incoming Wilson Administration. Roosevelt was a vigorous 38-year old who was then perhaps best known for his cousin, former Republican President Theodore Roosevelt (1901-1908).

In a blow to Senator Townsend, his Republican Party endorsed Federal-aid in its platform for the presidential election. "We favor liberal appropriations in cooperation with the States for the construction of highways," the plank read. The platform did not address the subject of a Federal Highway Commission. The Democratic Party's platform also favored "continuance of the present Federal aid plan under existing Federal and State agencies." Neither statement was encouraging to advocates of the Townsend Bill, but Eldridge pointed out that "advocates of highway improvement can find solace in the fact that the subject is now one which calls for national attention in some form or another."[61]

Harding summarized his views on highway development:

> One of the greatest economic problems, if not the greatest problem of modern civilization, is distribution. There can be no doubt of the position of the good roads movement in the solution of the problem.
>
> I believe that federal and state governments must not only put their shoulders to the wheel to create good roads, but they must insist on the maintenance of roads in good condition. A good road gone wrong is almost worse than no road, because it is a streak of memorial to neglect and waste.
>
> The roads we build in America must be built, first, for use in the distribution of products rather than for merely passenger riding. We must foster the use of motor trucks. We must build urban terminals for truck service to make new ties between communities and between city consumption and country production.[62]

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[60] MacDonald, Thomas H., Report of the Chief of the Bureau of Public Roads, October 15, 1921, p. 1-2, 6-7.
[61] Eldridge, M. O., "Party Planks on Good Roads," Highway News, Views and Gossip, *American Motorist*, August 1920, p. 30.
[62] "President-Elect Harding on Good Roads," *Good Roads*, November 10, 1920, p. 233.

Although the highway community was cheered by the statement, good roads played no part in the outcome of the election. Harding, who called for a return to "normalcy," won a landslide victory on November 2, 1920, over Cox.

By then, the momentum had shifted to advocates of Federal-aid, as illustrated when AASHO held its annual meeting on December 13-16, 1920, in Washington, D.C. A brief account of the meeting in BPR's *Public Roads* magazine for December 1920 stated, "One of the most gratifying features was the spirit of mutual helpfulness and harmony which pervaded the meetings." The "animating purpose" of participants was "the fixed determination to build up for America a splendid system of highways in the shortest possible time."

One of the speakers was E. T. Meredith, an agricultural journalist who had become Secretary of Agriculture after David Houston left office on February 2, 1920, to become Secretary of the Treasury. "No single thing," the new Secretary told the State highway officials on December 13, "will contribute more largely to the development of our national life and the upbuilding of our country as a whole than the great highway system upon the construction of which the institutions we represent are now engaged." He did not agree with those who thought "large national problems" could not be addressed "under our dual system of government." He responded to the critics:

> One group says that there is a tendency for the National Government to encroach upon the field of the States, while another thinks that the Federal Government in order to make its work effective should extend its authority to the smallest political unit. Both groups, apparently, find no difficulty in agreeing that the States and the National Government are working at cross-purposes. Let us not be disturbed by these voices. Similar expressions have been heard since the first days of the Continental Congress, and 145 years of successful operation has not silenced them. But all of us here, I am sure, have faith in our Government, in the stability of its dual character, and in the ability and willingness of the Federal authorities and the authorities of the 48 States to work harmoniously and successfully under it.

He believed that "a carefully prepared building plan" was needed from year to year to put highway building "on a systematic basis" to serve all classes of traffic. Because highway construction would "be limited by physical factors for some years to come," he said that "the only sound policy to follow in the circumstances is that of building roads in the order of their economic importance." Highways should be classified "to the end that as the principal roads in each State are completed, they will connect with those of contiguous States, and thus automatically become links in a national system which will serve all parts of the country." To accomplish this purpose, he said that future legislation "should not disturb the principles embodied in the act of 1916."

Further, with the program authorized only through FY 1921, prompt action was needed to prevent disruption. He had asked Congress to extend the program, with some modifications, at a rate of $100 million a year for 5 years beginning with FY 1922, and provide funding "on an adequate scale" for roads within or adjacent to the national forests. The "principal modifications" he sought were to address the problems facing western States with large amounts of untaxed public land that made the 50-50 matching requirement difficult to sustain, as well as "the maintenance of Federal-aid roads by the State highway agencies rather than by the counties."

The success of the program depended "in no small measure upon the certainty with which we and those who work with us can plan ahead for a number of years." Continuation of the program would provide jobs for former members of the armed services. Moreover, 40 State legislatures would be in session over the winter, and they would need to provide the funds to match future Federal-aid highway apportionments. "We should know, therefore, without delay whether the necessary appropriations will be provided for the continuation of the existing program during the next five years.[63]

The members adopted a resolution supporting extension of Federal-aid:

> Whereas necessary highway improvement will be seriously retarded in every State and possibly cease in some States unless Federal aid is continued; and
> Whereas such reduction or cessation would seriously affect commerce and the public welfare in all of the States;
> *Resolved*, That the American Association of State Highway Officials, representing every State in the Union, urges strongly that Congress shall at this session extend further the provisions of Federal assistance to the States in a manner and amount proportionate to the existing needs, and accordingly strongly urges passage by this Congress of House bill 14905, known as the McArthur bill.

Representative Clifton N. McArthur (R-Or.) had introduced a bill on December 10, 1920, consistent with Secretary Meredith's views. It called for $100 million a year through FY 1925 for the Federal-aid highway program and a total of $100 million through FY 1931 for national forest roads and trails. The bill provided that "preference shall be given to such projects as will expedite the completion of an adequate national highway system connecting at the State boundaries." In addition, the Secretary of Agriculture could reduce the State matching share in areas with large amounts of "patented land and national forest land."

As White recalled, "At that convention the issue was finally brought to a successful conclusion." AASHO also appointed a legislative committee of 18 members to work on Federal legislative issues. The committee selected Markham to remain in Washington to represent AASHO on legislative matters.[64] In his autobiography, Markham recalled that he was reluctant to take the position:

> I was sure there were men of larger experience in contacts with governmental bodies, that my State was not one of the wealthy, heavily populated, road-minded States, and therefore

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[63] Meredith, E. T., "The Address of the Secretary of Agriculture," *Public Roads*, December 1920, p. 4-6.
[64] White, p. 12. Following enactment of the Federal Highway Act of 1921, Markham would remain in Washington as AASHO's first Executive Secretary.

> there should be several others who were better qualified to undertake this new and particular work.

Markham also was hesitant because he had never met the man who had nominated him, Nebraska State Highway Engineer George Johnson, and did not even know who he was at the time. Johnson explained his reasoning, as Markham recalled:

> All right, if you must know, I will give my definite reasons for suggesting you be our representative. Senator Curtis of Kansas is the floor leader in the United States Senate, Philip P. Campbell of Kansas is Chairman of the Committee on Rules of the House of Congress [sic], which controls all legislation. Senator Curtis and you have been close friends for years. Representative Campbell and you lived in the same house in college and you have maintained a close, friendly relationship. No other member of the Association has such contacts with the Congress already established. Have I not stated the facts?

Markham had to admit he had. After returning home, he secured a leave of absence from the Kansas State Highway Department and moved to Washington to represent AASHO during the congressional deliberations.[65]

A similar change occurred within ARBA during its annual meeting in Chicago on February 9-12, 1921. President-elect Harding wrote to ARBA president M. J. Flaherty on January 21, 1921, at the request of Chicago Mayor William Hale Thompson. Harding regretted he could not attend the sessions "because of my deep concern for more and better roads." He said:

> Our civilization depends on communication and transportation, and as it becomes increasingly complex, that dependence increases. Every great community is held together by its means of transportation, and so vast a country as ours is the more in need of ample facilities. Our country roads we have not kept pace with. The development of other transportation, railroads, waterways, our new merchant marine, cannot be of fullest utility unless good country roads supplement them. The country road bears the same relation to these, that the capillary circulation does to the system of veins and arteries in the human organism.
>
> In recent years there has been nation wide realization of the road problem. We need to devise and adopt means, financial and engineering, to solve it. I believe we shall progress greatly, in the years of peace and prosperity which I am confident lie ahead of us, toward this solution, and such organizations as your own will contribute much to that end.

In contrast to the annual meeting in early 1920, ARBA in 1921 resolved "that it is the sense of this convention that federal aid as now practiced be continued and extended and that federal aid be applied on such interstate highways as will ultimately form a national highway system.

[65] Markham, William Colfax, *Autobiography of William Colfax Markham*, Ransdell, Inc., 1946, p. 147-148.

Fiscal Year 1922

As the new year began, the Federal-aid highway program was authorized through FY 1921, which would end on June 30, 1921. The State highway agencies had no way to know if Congress would act on FY 1922 funding or, if so, when it would do so.

Markham, in his autobiography, recalled the circumstances as Congress attempted to address the issue during the first week of February 1921:

> One day I received a cordial invitation from Senator Townsend to call at his office at a certain hour. Arriving on time (which has been my life custom on all occasions) I was ushered into a room where the Senator was seated at a desk surrounding by about twenty-five people, most of whom I knew and who had been carefully selected as . . . they represented the manufacturers of automobiles and the traveling public through automobile clubs. A lone, empty chair was placed at the right of the Senator and I was invited to be seated. In good "old class meeting" style the men responded, some holding cards in their hands on which they had noted their arguments. With but one exception they all told the Senator that "their people" sanctioned his bill, since it established a definite road plan . . . and an appropriation was provided and not simply an authorization as in the House bill.
>
> And so there I was, a little mouse in a trap and a good sized chunk of cheese held at arm's length before me. Then the Senator, feeling that the trap had been well sprung, asked me for my opinion. While I was in the midst of explaining that I had no authority to accept such a plan since the State Highway Departments favor a cooperation plan to be carried out under present State and Federal officials, the gong rang for a hurried vote call for the Senate, then in session, and the Senator left by way of the subway with the announcement that we would hold another meeting soon.
>
> As we left the building this group of political strategists asked me to go to town for lunch, but I was headed the other way. They called to me to assure me again that the only way to get real money for roads was to accept the Townsend bill.[66]

Markham informed members of the House Committee on Roads about the plans for the Townsend Bill. The committee quickly reported an amendment to the Post Office Appropriations Act for FY 1922 that would provide $100 million for continuation of the Federal-aid highway program and $3 million for forest roads and trails. With the 66th Congress set to end on March 3, an extension would eliminate the urgency of action on an extension that would include Senator Townsend's major program changes.

[66] Markham, p. 149-150. Markham presented this material as a single paragraph; paragraphs breaks have been introduced for readability.

Representative Sam R. Sells (R-Tn.) introduced the amendment (technically, a substitute for the McArthur Bill) on February 7. He said that he realized the method was not ideal:

> We have thought it best to provide for a continuance of the work during the next fiscal year, leaving to a later Congress any changes in the system which circumstances may render.
>
> To defer action at this session of Congress would be dangerous, and might defeat all road construction in many of the States, where further legislative action is necessary to enable them to become beneficiaries under the existing system. The legislatures of probably two-thirds of the States are in session now, and until Congress decides this question none of them can act intelligently or provide adequately for a continuing program.

Committee Chairman Dunn, who had not been present for the committee's vote said:

> I feel rather embarrassed in presenting this matter to the House, because of the lack of business acumen, you might say, that has been displayed by the committee.
>
> In the first place, early in Decemebr [sic] a flock of delegates came to this city and asked for a hearing, which was more like a deafening than a hearing. The Committee on Roads heard them on the subject of additional appropriations for good roads. In spite of the fact that it was shown that there was $200,000,000 balance in the Federal road fund, and in spite of the fact that there had been only $47,000,000 paid out of the original appropriation, they insisted with great clamor that this additional appropriation be made at this time . . . .
>
> Everyone knows something about good roads. We have a great many roads in this country which are not good, but there are a sufficient number of good roads so that people understand the value of them. There is no argument against them. The question is whether in the present financial situation in this country, when we are committed to economy, and when we are faced with so many unpaid debts, and when so many supply bills are not acted upon, we shall pass this $100,000,000 of an extra appropriation with a balance of $200,000,000 remaining in the Treasury unexpended and $117,000,000 not yet even allotted . . . . This good-roads question is one that ought not to come up now in this short session.

He noted that under the 1916 Act, the 50-percent Federal share was limited to $10,000 per mile, but that this figure had been increased to $20,000 and some even spoke of increasing it to $40,000:

> Now to go on and build these roads at the present price of materials, the high cost of construction, and add to this already large amount of unexpended money would be little short of ridiculous.

Congressman James B. Aswell (D-La.) asked the Chairman to yield, but he would not. "Everyone knows," the Chairman said, "that arrangements can be made to take up this matter later on. We do not need to do it in the short session." He recommended that the House turn down the amendment, adding, "I have no false idea about how this will be treated, but I did want to express my opinion."

Aswell replied that the Chairman had the right to take any position he saw fit, but in opposing the amendment, Dunn had done “exactly what every member of that committee expected him to do.” He went on:

> He has voted against road building every time, although he is on the Roads Committee. He did not preside at the meeting of that committee when this bill was reported. He has been bitterly opposed to road building, and his statements are incorrect when it comes to the fact of the matter. If this appropriation, this bill, does not pass this House now, 26 States of this Union will be forced to suspend road building at the end of this fiscal year, and everyone who has investigated honestly knows that to be the fact.

Congressman John Marshall Robsion (R-Ky.), a member of the Committee on Roads, concurred in this summary of the chairman’s views:

> This House can not follow the leadership on the question of roads of our distinguished friend from New York, who is the chairman of our Committee on Roads. As I understand him, he is now and has always been opposed to the proposition of Federal aid for roads. He is against this bill. He is the only member of our Committee on Roads who is opposed to Federal aid for roads, and he is opposed to this bill. If every member of the Roads Committee entertained his views, there would be no necessity of a road committee in the House of Representatives, because the committee would never bring out a road bill.

As the debate ended, the House voted as Chairman Dunn had anticipated, adopting the amendment by a vote of 278 to 58, more than the two-thirds required under the special rules of consideration.

The bill went to the Senate, which began considering the provision on February 17, 1921. Throughout the debate, Senator Townsend repeatedly explained that while he favored good roads, he favored the use of Federal funds for interstate roads. He opposed consideration of the FY 1922 funding until his committee had “an opportunity to devise a plan, a scheme, a system, if you please, for the construction of roads which would conserve the money which the Federal Government has appropriated or is proposing to appropriate.” He added:

> What I am asking is that we let this matter go for a few weeks until we have had time to consider a real proposition; and that is the one matter of business that our committee has on hand now, the one thing that we propose to ask for at the very beginning of the next session of Congress.

As Markham put it:

> Messaged to the Senate, our bill found plenty of friends and the doughty Senator from Michigan found it necessary to state that if the bill were referred to the Senate committee, since the Congress was soon to adjourn and the incoming President had already given

> assurance of an extra session of the new Congress, that the whole matter would be adjusted to the satisfaction of everybody.[67]

The Senate declined to approve the FY 1922 funding before the 66th Congress ended.

The New President Calls for Action

Shortly after his inauguration on March 4, 1921, President Harding called for a special session of the 67th Congress to address the post-war depression that had lingered during the rough transition from war to peace. Early in April, advocates of a Federal Highway Commission met with the President. Roy D. Chapin, an early good roads advocate who was now president of the Hudson Motor Car Company and chair of the NACC good roads committee, headed the delegation. Chapin explained the delegation's opposition to continuation of Federal-aid and the BPR, which administered funds that greatly exceeded the entire budget of the remaining elements of the Department of Agriculture. A separate agency was the answer, Chapin told the President.

Chapin and his committee also met with MacDonald, Secretary of Agriculture Henry C. Wallace, and Secretary of the Treasury Andrew Mellon. The meeting prompted MacDonald to outline his position: "The task today is to provide highway service; we cannot afford to wait for the construction of new and modern types of highways." He also emphasized the importance of maintenance, saying, "The returns will more than compensate the cost."[68]

On April 12, the new President addressed a joint session of Congress. Biographer Francis Russell stated that, "The President looked vigorous, assured. His voice was not as precise as Wilson's, but it was warmer . . . ." The contrast with the former President was clear. Wilson had suffered a debilitating stroke on October 3, 1919, while rallying public support for Senate approval of the League of Nations charter. He never fully recovered, physically or mentally, and was an invalid for the remainder of his second term, leading to suspicions about his capabilities and rumors that has wife had been the acting President. (His efforts were in vain because the Senate rejected United States membership in the League.)

President Harding's address to the joint session began:

> Mr. Speaker, Vice President, and Members of the Congress, you have been called in extraordinary session to give your consideration to national problems far too pressing to be long neglected. We face our tasks of legislation and administration amid conditions as difficult as our Government has ever contemplated. Under our political system the people of the United States have charged the new Congress and the new administration with the solution—the readjustments, reconstruction, and restoration which must follow in the wake of war.

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[67] Congressional Record, Vol. LX, Part 3, p. 2742-2746, 3303-3308. Markham, p. 150.
[68] "Want Federal Highway Commission Created," *Engineering News-Record*, April 14, 1921, p. 656.

> It may be regretted that we were so illy prepared for war's aftermath, so little made ready to return to the ways of peace, but we are not to be discouraged. Indeed, we must be the more firmly resolved to undertake our work with high hope, and invite every factor in our citizenship to join in the effort to find our normal, onward way again.

Turning to specifics, he began with "our problems at home, even though some phases of them are inseparably linked with our foreign relations." Russell summarized the domestic goals for the session:

> As a message it was the expected declaration of Republican administration policy, containing no surprises. Harding called for a cutting of government expenditures, lowering of taxes, and the repeal of the excess-profits tax, "mature consideration" of permanent tariff legislation, a lowering of railroad rates and promotion of agriculture interests. One of his most important requests—several times rejected by earlier congressmen—was for the national budget system [i.e., to coordinate financial activities]. His most cherished projects were a "great merchant marine" and a Department of Public Welfare. There was applause, then silence when he told the legislators that "Congress ought to wipe out the stain of barbaric lynching."[69]

The President discussed several transportation issues, which he said were of "great interest to both the producer and consumer—indeed, all our industrial and commercial life, from agriculture to finance." After discussing problems related to the railroads, he turned to the highways:

> Transportation over the highways is little less important [than rail transportation], but the problems relate to construction and development, and deserve your most earnest attention, because we are laying a foundation for a long time to come, and the creation is very difficult to visualize in its great possibility.
>
> The highways are not only feeders for the railroads and afford relief from their local burdens, they are actually lines of motor traffic in interstate commerce. They are the smaller arteries of the larger portion of our commerce, and the motor car has become an indispensable instrument in our political, social, and industrial life.
>
> There is begun a new era in highway construction, the outlay for which runs far into the hundreds of millions of dollars. Bond issues by road districts, counties, and States mount to enormous figures, and the country is facing such an outlay that it is vital that every effort be directed against wasted effort and unjustifiable expenditures.
>
> The Federal Government can place no inhibition on the expenditure in the several States; but, since Congress has embarked upon a policy of assisting the States in highway improvement, wisely, I believe, it can assert a wholly becoming influence in shaping the road policy.

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[69] Russell, Francis, *The Shadow of Blooming Grove: Warren G. Harding and His Times*, McGraw-Hill Book Company, 1968, p. 456.

> With the principle of Federal participation acceptably established, probably never to be abandoned, it is important to exert Federal influence in developing comprehensive plans looking to the promotion of commerce and apply our expenditures in the surest way to guarantee a public return for money expended.
>
> Large Federal outlay demands a Federal voice in the program of expenditure. Congress can not justify a mere gift from the Federal purse to the several States, to be prorated among counties for road betterment. Such a course will invite abuses which it were better to guard against in the beginning.
>
> The laws governing Federal aid should be amended and strengthened. The Federal agency of administration should be elevated to the importance and vested with authority comparable to the work before it. And Congress ought to prescribe conditions to Federal appropriations which will necessitate a consistent program of uniformity which will justify the Federal outlay.
>
> I know of nothing more shocking than the millions of public funds wasted in improved highways, wasted because there is no policy of maintenance. The neglect is not universal, but it is very near it. There is nothing the Congress can do more effectively to end this shocking waste than condition all Federal aid on provisions for maintenance. [Applause.] Highways, no matter how generous the outlay for construction, can not be maintained without patrol and constant repair. Such conditions insisted upon in the grant of Federal aid will safeguard the public which pays and guard the Federal Government against political abuses which tend to defeat the very purposes for which we authorize Federal expenditure.[70]

Long-distance road advocates were initially encouraged by the message. The headline of an article in the May 1921 issue of *American Motorist* summed up the view: "President's Message to Congress Brings Cheer to Roads Advocates." The article began:

> For the first time in many administrations, reaching back to the days of the Old Cumberland road, the subject of highways received real attention in a message to Congress, when President Harding, April 12, in person addressed the Sixty-seventh session.

Quoting extensively from the message, the article summarized:

> It should be reasonable to assume that President Harding favors a Federal commission or board; a requirement that the State itself should function as such in roads [sic] building; and that no money from the national treasury should be expended upon any road for which upkeep is not definitely provided.

[70] *Congressional Record*, April 12, 1921, p. 169-173.

> Since Senator Charles E. Townsend, chairman of the Senate Committee on Post-offices [sic] and Post Roads, has discussed good roads on various occasions with President Harding, who called him to the White House on the day before the delivery of the message, it is not difficult to understand why the highways section of the message accords in great degree with the opinions that have been expressed by the senior Senator from Michigan.

Engineering News-Record was impressed that the President had devoted more space to highways "than was ever before devoted to the subject in a Presidential address" and thought his statements were "sound wherever his meaning is not open to debate." As for the key issue, the magazine said:

> It is difficult to know, however, just what the President's position is on a federal aid versus a "national" system of highways. We take it that he is satisfied to allow the present federal aid method of appropriation to stand. Yet there is enough indefiniteness about his words to wonder whether he has leanings in the other direction.

The ambiguity was in such phrases as "the laws governing federal aid should be amended and strengthened" and "the federal agency of administration should be elevated to the importance and vested with authority comparable to the work before it." The magazine asked:

> The automobile interests have discussed with him the creation of a federal highway commission. Was that in his mind or has be some scheme of putting in more prominent place the present Bureau of Public Roads?

The magazine summarized the "considerable difference of opinion among highway officials" on this point:

> Some think that this means that the Secretary of Agriculture should be given broader powers, some are of the opinion that the President had in mind the creation of a Department of Public Works, to which the Bureau of Roads would be transferred, while some admitted that it looks like an endorsement of a federal highway commission.

For now, all the magazine could say with certainty was that having the President express interest in the highway situation was "worth while." A later, clearer expression of his views was desirable.[71]

The Golden Mean

The 18-member legislative committee of AASHO, including Markham, met with the President and Secretary Wallace on April 14 to discuss their proposal. MacDonald had met with committee members to draft a legislative proposal that strengthened the essential features of the Federal-aid program, but reached out to those who supported a national highway system by limiting Federal funds to 7 percent of the Nation's roads, three-sevenths of which must be "interstate in character." The proposal required expenditures of at least 60 percent of the Federal-aid funds on the

[71] "President Harding on Highways" and "State Officials Confer on Highway Policies," *Engineering News-Record*, April 21, p. 687, 696.

"interstate" roads. The maintenance requirement was strengthened. Funds for maintenance, as well as matching Federal-aid, must be under direct State control. Representative Cassius Dowell (R-Ia.) introduced the bill in the House of Representatives.

According to Fred White's account, the President and Secretary endorsed continuation of the Federal-aid highway program:

> In April 1921 the Legislative Committee met with Mr. Markham in Washington and drew up a new Federal-aid road bill . . . . The committee then met with the Secretary of Agriculture and secured his concurrence in the proposed bill. At the suggestion of the Secretary, the committee met with the President of the United States and presented its suggestions and program to him. To their delight the committee members found that the President's views were very largely in harmony with the measure which they had prepared.[72]

Markham recalled the meeting in his autobiography:

> [We] found President Harding to be very much road-minded. He encouraged us to go ahead with our plans but very earnestly warned us that unless we placed a section in the law which required (with teeth) that the States must properly maintain the roads when once constructed with Federal aid, that he would veto the bill.[73]

Senator Townsend introduced a new version of his bill, one that accommodated Federal-aid, on April 29. The bill proposed establishment of a "post roads and federal highway commission" consisting of five members appointed by the President with Senate consent. The commission would establish an interstate system of highways following the most practicable routes. Agricultural, commercial, postal, and military needs would be considered in selecting the network. The State highway agencies would construct the system, but all contracts would be subject to the strengthened maintenance requirement. The bill authorized $200 million for a 2-year period, with the funds apportioned to the States.[74]

With the Dowell and Townsend bills in hand, *Engineering News-Record* provided a surprising analysis. It said the Dowell Bill, which had been reviewed by the President and the Secretary, "has been referred to as a golden mean between inadvisable extremes." The bill addressed many of the problems that had been cited in criticisms of the Federal-aid program:

> The bill deserves unqualified support. It represents the best thought of an organization which recognizes that the great roadbuilding program of the future must be carried out on a sound economic basis . . . . The new bill, giving increased control to the federal authorities, puts teeth in the original act and will insure the selection and construction and later the adequate maintenance of a system defensible upon economic lines.

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[72] White, p. 13.
[73] Markham, p. 150.
[74] "Revised Townsend Road Bill Introduced," *Engineering News-Record*, May 5, 1921, p. 783.

The editorial added, "we do not wish to belittle the efforts of those who" sponsored the 1916 Act. "Imperfections were to be expected. There has been written into the new bill the lessons of experience."

The Townsend Bill, the magazine said, was a "very material step forward in composing the differences which exist regarding a proper federal highway policy." When a Federal Highway Commission had been proposed 3 years earlier "there was widespread dissatisfaction" with the existing program:

> In the last two years, however, there has been a material change for the better, and highway officials throughout the country are thoroughly satisfied with the way the government highway activities have been administered.

As a result, the main reason the commission had been proposed "is now removed."

Another factor affected the magazine's assessment:

> Moreover, there is growing up today in governmental circles a strong opposition to all of the "independent establishments," except those having judicial functions. In many quarters in Washington there is strong conviction that all of these independent establishments should be thrown into appropriate departments wherever administrative functions are involved.
>
> Advocacy of the formation of a Federal Highway Commission at the present time, therefore, not only lacks the backing which circumstances gave to the proposal originally, but must meet with the strongly developed opposition to commissions and other establishments outside of the departments and reporting directly to the President.

Senator Smoot, the editorial continued, would soon hold hearings on reorganization of the government:

> It will then become plain, we believe, that it is hopeless now to expect Congress to authorize any new independent establishments, such as the Federal Highway Commission would be.

Although the editor of the magazine had long supported establishment of the commission, the editorial on the new Townsend Bill concluded:

> With the situation as it is, we have high hopes that Senator Townsend will abandon this feature of his proposed law. Should he do that there will then be entire agreement between the former opposing federal-aid and national-highway camps, and that in turn would assure an uninterrupted continuance of liberal federal support for highway development.[75]

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[75] "New Federal-Aid Road Bill Calls for Highway Classification and State Systems," *Engineering News-Record*, April 28, 1921, p. 738, and "Getting Together on Federal Highway Policy," *Engineering News-Record*, May 12, 1921, p. 797.

Leaders of AAA, in town for their annual meeting, met with the President on May 17. *American Motorist* contained a lengthy article about the annual meeting and a photograph, spread over the top third of two facing pages, of the AAA officials and directors standing with the President outside the White House. However, the account of the meeting with the President "to express approval of his good roads policy" was brief:

> Thoroughly enjoyable was the visit to the White House, for, let it be known, the President of the United States is a member of the A.A.A. through the fact that he belongs to the Marion County Automobile Club, which is a part of the Ohio State Association that is affiliated with the national body.
>
> During the call at the Executive Mansion an invitation was extended to President Harding to dedicate the "zero milestone" to be erected on the District of Columbia meridian, near the White House, to establish the initial point of the highways of the United States radiating from Washington and to mark the starting place of the historic army motor convoys from Washington to San Francisco, by a northern route over the Lincoln Highway, and to Los Angeles, by a southern route over the Bankhead highway.[76]

Congressional Action

Although the results of the special session of the 67th Congress led contemporary observers to refer to it as a "do-nothing Congress," it did pass the Budget and Accounting Act, which President Harding had requested on April 12. Under the new law, which Harding approved on June 10, 1921, the President was to submit an annual budget, with information on the condition of the Treasury and the President's program for the coming year. To help the President meet these responsibilities, the legislation also provided for creation of a Bureau of the Budget.[77]

The session also addressed the Federal-aid highway program before adjourning on November 23, 1921. The Congress would settle whether the Federal role would involve construction of a national highway system or aid to the States for highway construction and improvement.

In May, Senator Lawrence C. Phipps (R-Co.) introduced a bill, S. 1072, that provided relief in the form of a higher Federal share to the 11 western States with large amounts of untaxed public lands. The bill also added a year of availability for Federal-aid highway funds not expended by a State highway agency during its 2-years of availability under current law (the year for which it was authorized, and one additional year). These provisions were part of the Dowell and Townsend Bills, but the Phipps Bill, if enacted, would make them law without waiting for the more contentious provisions of the comprehensive bills to pass. The bill passed the Senate unanimously

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[76] "White House Visit and Election of Diehl Mark 1921 A.A.A. Meeting," *American Motorist*, June 1921. President Harding presided over dedication of the Zero Milestone on June 4, 1923. Information on the Zero Milestone is available at http://www.fhwa.dot.gov/infrastructure/zero.htm.

[77] Kimmel, Lewis H., *Federal Budget and Fiscal Policy, 1789-1958*, The Brookings Institution, 1959, p. 5. A management function was added to the Bureau's responsibilities under Reorganization Plan No. 1 of 1939. The agency was renamed the Office of Management and Budget under Reorganization Plan 2 of 1970, effective July 1, 1970.

and was forwarded to the House, where the Committee on Roads substituted a bill developed by Representative Robsion. The Robsion Bill incorporated the Phipps Bill and the Dowell Bill developed by the AASHO legislative committee. The revised bill was silent on funding.

On June 27, the House took up the Phipps-Dowell Bill, which Robsion told his colleagues had been approved by every member of the committee except its chairman, Congressman Dunn. After summarizing the history and contents of the bill, the President's April 12 speech endorsing the Federal-aid concept, and noting its support by AASHO and the American Farm Bureau, Robsion discussed the Townsend Bill. AAA and the NACC, he said, had "for years been sponsoring a transcontinental or interstate system of roads." Their concept had been rejected in 1916 in favor of the Federal Aid Road Act. Of the Townsend Bill, which embodied the AAA concept, Robsion asked his colleagues:

> Do we want to take this power from our State road department and vest it in a commission here at Washington? Do we want to substitute a strictly interstate system for our present interstate and intercounty system? Do we want to create a "tourist" system of roads or strengthen and build up our present "farm-to-market" system? Do we want to destroy the "producers-to-consumers" system and install a "joy-rider" system?

The AAA propaganda and "the editorials appearing in the great newspapers of the great cities of the country" in support of the Townsend Bill had two themes, Robsion said, namely that it would create a commission and that the commission will lay out these roads from coast to coast and to the great cities of the country, providing a great highway at least 20 feet wide for the tourists of the country." He was dismissive:

> They want to take care of the joy riders of America. They nowhere seem concerned about the farmers getting their products to market or the millions of consumers in these cities having the benefit of these products.

In supporting a few interstate roads, the commission would ignore the interstate and intercounty system of roads laid out in each State:

> These systems in the several States approved by the Federal highway department have been partly built; contracts have been let for other portions of these systems. State constitutions and laws have been changed and made to provide funds to build the entire system with Federal aid. This system of roads will serve every congressional district in the Nation. To cut down this system and to destroy it after we have spent five years and millions of dollars in building it up would be next to a crime.

He concluded his introductory remarks:

> If we can cover our country with a network of good roads so that products of the country can be brought to the markets . . . in less time and less expense than it would require even to load these products on the train, it will mean much in the country. Water transportation,

> railroad transportation, should be joined up with every community of the Nation by means of good roads. A system of roads is contemplated in this bill, but would be impossible under the Townsend plan. The people want and must have an interstate and intercounty system and not merely an interstate system of highways. I trust that every friend of good roads will cast his vote for this bill. [Applause.]

Chairman Dunn was given 10 minutes to express his opposition to the Phipps-Dowell Bill. He began by pointing out the shift in political fortunes since 1916:

> I want to call your attention to the fact that the bill reported January 6, 1916, was reported from a committee composed of 14 Democrats and 7 Republicans. This bill is reported from a committee composed of 14 Republicans and 7 Democrats.

Dunn said he had not considered the Federal Aid Road Act of 1916 "a square deal" and had been against it "from the start." Now, with the 1921 measure before the House of Representatives, he considered the present bill even "more unfair . . . because a few States will receive twice as much as any other State." He added that with so many other issues to consider, he thought it "a singular thing" that the "economy Congress" was even considering the bill in "these times of financial stringency." After all, he told his colleagues:

> One hundred and fifty million dollars still remain in the hands of the Secretary of Agriculture, to be met by appropriations of $200,000,000 from the different States. I submit that in these times of financial stringency, if they can use that money within a year or two, $350,000,000 is a goodly sum for this country to spend on good roads.

Asked by Congressman Dowell why the bill was unfair, Dunn answered:

> The Middle States and the Eastern States pay from two to four times as much as other States who get their allotments. The bill should be a 50-50 proposition, or the amount should be prorated according to assessed valuation instead of according to the area.

Dowell asked, "The gentleman's objection is that his own State [New York] pays more than it should pay?" Dunn replied that he was objecting to it "on behalf of the Middle and the Eastern States."

The chairman also objected to the maintenance requirement in the bill. If the Secretary found that any road constructed with Federal-aid had not been properly maintained, he would give the State 100 days to restore the road to a proper condition. If the State did not do so, the Secretary would refuse to approve any Federal-aid projects in the State for another 100 days. If the road still had not been put in a proper condition, the Secretary would contract for its improvement, with the cost deducted from the State's Federal-aid funding. After the State reimbursed the cost, the funds would be restored to the Federal-aid account for that State. "When," Chairman Dunn asked, "will that be paid?"

The maintenance requirement would be a financial burden to the States. As he had said, the States had $350 million and would get more under the bill for roads:

> Nothing is said about the maintenance of those roads. Those States have about as much as they can do to maintain the roads they have already built if they will put them in proper shape, and they should not prepare now for as large an appropriation as they can get, to add to the already large sum available in the hands of the Secretary of Agriculture.

The Phipps-Dowell Bill also required the States to use State funds to match Federal-aid funds. It meant that the 17 States that had given their counties the responsibility for building and maintaining roads and for matching Federal-aid funds would have to change State laws, possibly even amend their constitution, to receive Federal-aid. States would have 5 years to do so. During the House debate on June 27, Representative Sam T. Rayburn (D-Tx.) provided the best summary of the mood in these States. Initially, he thought the Phipps-Dowell Bill was "a pretty good bill" but upon reading it again and again, he considered it "one of the most vicious pieces of legislation that has been presented to this House since I have been a Member." He continued:

> [I am] sick and tired of the federal government's everlasting sticking its hand into the affairs of my state. I am against any building up of more bureaucracies in Washington to reach out into the states and tell the people what they shall and what they shall not do. [Applause.] One of the greatest issues in this country is coming within the next few years, and it is going to be as to whether or not the individual citizens of the several States of this land are capable in some way of managing at least a small portion of their own business [applause] instead of having to run to Washington every time they want to know whether we can or whether we can not do a thing.

The debate lasted about 40 minutes, after which the House approved the Robsion Bill, 266 to 77, with 88 Members not voting.[78]

Describing the 40-minute debate as "very acrimonious," *Engineering News-Record* said:

> While there is no certainty that a federal highway commission will be set up, there already is speculation as to whom the President might chose for such a commission, if by any chance it were authorized. These names include those of George Diehl of Buffalo, president of the American Automobile Association, Samuel M. Williams, of the Highway Industries Association, and Roy Chapin, of the Hudson Motor Car Co.[79]

In an August 12 letter, Williams advised the magazine that:

> I am not a candidate nor could I conscientiously consider the appointment if tendered, because I could not afford to accept a position, having assisted in the promotion of legislation for its creation.

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[78] *Congressional Record*, Proceedings and Debates, Volume LXI, Part 3, June 6 to June 28, 1921, p. 3086-3094.
[79] "Phipps Road Bill Passes House," *Engineering News-Record*, June 30, 1921, p. 1137.

He did not want to be among the "many examples" of people promoting legislation out of a "desire for the job." His sole motivation was "the public need" and he was confident that "three capable men" could be found to serve on the commission who had no direct involvement in creation of the bill, "and to those men I will pledge my loyal cooperation."[80]

The House bill, technically an amendment to the Phipps Bill that had passed the Senate, was referred to the Senate, which took it up on June 30. It was the last day of FY 1921, with no funds authorized for FY 1922. Senator Townsend recommended that the bill be referred to his committee. Neither of the alternatives to referral appealed to him. If the Senate approved the Phipps-Dowell Bill, it would go to the President for signature. Alternatively, the Senate could call for a conference with the House to resolve differences between the Phipps Bill the Senate had approved and the Phipps-Dowell Bill the House had approved. In either case, the Senate would not consider the Townsend Bill.

While Townsend proposed referral, a member of his committee, Senator Kenneth McKellar (D-Tn.), recommended that the Senate approve the Phipps-Dowell Bill. Because debate indicated that the Senators wanted to consider the new bill and the Townsend Bill, McKellar withdrew his motion. The Phipps-Dowell Bill was referred to the committee.

Engineering News-Record summarized the debate:

> Strong objection was voiced to any proposition which requires a state to modify its constitution and its laws so as to participate in the benefits of a federal appropriation. It was pointed out, however, that this condition would merely prohibit the states from raising the money by bond issues but would in no way preclude the securing of the fund by taxation, which would require no change in the constitutions of those states. The discussion in the Senate brought out that there is considerable opposition to any change in the existing law. It was declared that the existing law worked out fairly well and that it would be better to let well enough alone than to embark upon a revolutionary system. The question also was raised as to whether it would be constitutional for the federal government to lay out a post road and then order the state to maintain it. The federal government, it was pointed out, does not build post-offices and then attempt to order the states to keep them in repair.[81]

Senator Townsend had held 10 days of hearings in 1920 during the 66th Congress and, after introducing the new version of his Federal Highway Commission bill, held an additional 13 days of hearings in the 67th Congress, from May 13 to June 2, 1921. MacDonald testified on May 24 and 25 in opposition to the Townsend Bill. He said that, "the big important fact in this whole debate" was that the Federal-aid highway program "recognized the necessity of reconciling the conflicting claims of the advocates of States rights on the one hand and on the other of those who favor a

[80] "Williams Not a Candidate for Highway Commission," *Engineering News-Record*, August 18, 1921, p. 295.
[81] "Phipps Highway Bill Goes to Senate Committee," *Engineering News-Record*, July 7, 1921, p. 35.

policy of centralization in matters which affect, first of all, the locality, and afterwards the Nation as a whole." He listed the three main characteristics of the program:

> First, Federal supervision of State expenditure of Federal grants; second, the power vested in Federal authorities to discontinue such grants if the proper standard of efficiency is not maintained; and, third, the requirement that in order to secure Federal grants the State or local bodies must match the amount of such grants at least with equal amounts.

He considered it a general principle that the States should retain the initiative in the selection of roads to be included in the Federal-aid system, "but the Federal Government should be given authority to review the selection and require modifications based on certain principles to be incorporated in the law." Otherwise, he said, "the Federal authority would be subject to too many contrary views," as illustrated by the many "bloodless battles" that had been fought over designation of county and State systems.

After describing the structure of the BPR, MacDonald said he had "no predilections" for a bureau or commission organization at the Federal level. Under his principles, either would operate in much the same way:

> Now, any commission or board of public works, or any other form adopted, will have to use about that same organization. Therefore, so far as I can see, the advantage that would be gained [from a Federal Highway Commission] would be the substitution of five men for the chief of the bureau—and I am not prepared to say that you could find five men who would do the work much better than myself, Mr. Chairman. [Laughter.]

Senator Townsend asked if a commission could administer the road department better than the BPR, "with the best man on earth in charge of it, which I will concede you may be? [Laughter.]" MacDonald replied, "Mr. Chairman, I think that that question is entirely a matter of the men that are selected."[82]

On June 20, Senator Townsend introduced a revised bill. Section 3 called for an independent post roads and Federal Highway Commission of three members (reduced from five by committee amendment) that would take over all highway responsibilities from the Department of Agriculture. Section 6 described the purpose of the commission:

> That the commission in cooperation with the State highway departments shall, from time to time and subject to such changes as they may deem advisable, designate, and establish an interstate system of highways, composed of primary interstate roads which shall, by the most practicable routes and with due consideration for the agricultural, commercial, postal, and military needs of the Nation afford ingress into and egress from each State and the District of Columbia. Such interstate system may include highways to and from important water ports, and highways connecting at the border with the main highways in countries

[82] MacDonald, Thomas H., *Interstate Highway System*, Committee on Post Offices and Post Roads, United States Senate, May 24-25, 1921, p. 260, 312.

> adjoining the United States; but shall not include any highway in a municipality having a population, as shown by the latest available Federal census, of five thousand or more, except that portion of any such highway along which, within a distance of one mile, the houses average more than 200 feet apart.

The commissioners would have final say on which roads were included in the interstate system, which was to be free of tolls. However, under Section 8, the State highway departments would construct and reconstruct the interstate highways, subject to commission approval.

Under Section 13, only "durable types of surface and kinds of material" were to be used so the system "will adequately meet the existing and probable future traffic needs and conditions thereon." Section 14 provided that the right-of-way would be "of ample width and a wearing surface of an adequate width, which shall not be less than twenty feet" unless the commissioner approved a variance.

In view of the President's concerns about highway maintenance, Section 6 strengthened highway maintenance (defined in Section 2 as the "constant making of needed repairs to preserve a smooth-surfaced highway."). The provision was similar to the maintenance requirement in the Phipps-Dowell Bill.

No projects could be approved until the State "has made adequate provision" for maintenance of the selected highways. Following construction of one of the highways, if a State did not carry out its maintenance responsibility, the commission would serve notice on it. If the highway were not restored to proper condition, the commission would refuse to approve any other projects in the State, but would restore the highway itself and charge the costs to the funds apportioned to the State. After the State reimbursed the commission with State funds, the funds would be restored to the State's account and projects could again be approved.

Section 20 provided $100 million in FY 1922 and $100 million in FY 1923, with the funds apportioned among the States in accordance with the existing Federal-aid formula. The Federal share would remain 50 percent, except that the share could be increased in States with large amounts of public land. Under Section 24, the bill provided $5 million in FY 1922 and $10 million in FY 1923 for forest roads in the States and the territory of Alaska.[83]

That same day, Senator McKellar released a minority report that portrayed the dispute as between advocates of the Federal-aid highway program and those who supported the AAA plan embodied in Senator Townsend's bill. The Townsend Bill was, McKellar's report said, "the same old plan" that

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[83] Report, Mr. Townsend, from the Committee on Post Offices and Post Roads, *Continuation of Federal Aid in the Construction of Highways*, 67th Congress, 1st Session, Report No. 134.

AAA had been promoting for years "somewhat modified to get votes":

> It eases up on the proposition rather than states it in its baldness, but the effect of it will be the same.

Comparing the Federal-aid program and the program proposed in the Townsend Bill, the report said:

> The difference between the two measures may be best described by stating that the present law provides for Federal aid to the States in the construction of highways and the proposed Townsend bill provides for State aid to Federal automobile highways.

The report endorsed the stewardship of Chief MacDonald as "a most efficient executive," and stated that the work "ought not to be encumbered with the political logrolling of a commission."

The commission would have "unlimited power to establish a system of primary interstate roads" and the Federal funds would be expended only on this system, which "will no doubt take many years to build." The report asked:

> Thus we see that the question resolves itself simply into this: Are we going to stand by the present law, which provides for Federal aid to roads built by the States with the approval of the Federal Government, or are we going to turn our system into the automobile association plan of primary interstate roads?

After summarizing the views of State highway officials who had testified on the Townsend Bill, the report said:

> Thus it will be seen that the preponderance of the testimony of the seven highway commissioners does not uphold the proposed measure. Some of these witnesses spoke pleasantly of the new bill . . . . It is further seen that the American Association of State Highway Officials have indorsed the Dowell bill, which is an amendment to the present law, which Dowell bill has already passed the House of Representatives. Of course such State highway officials as were examined had to be careful of what they said, because none of them desired to lose their influence with the powers that be.[84]

The new Townsend Bill was a product of compromise to broaden support for the concept of a Federal Highway Commission. According to *Engineering News-Record*:

> There was every prospect of a deadlock, but as each faction in the committee recognized that there must be an agreement if there is to be any legislation at this session, Senator Townsend finally agreed [to a compromise] . . . . Senator Townsend pointed out that the compromise is a recognition of the principle, at least, that the federal government shall have

[84] Minority Report, Mr. McKellar, from the Committee on Post Offices and Post Roads, *Continuation of Federal Aid in the Construction of Highways*, 67th Congress, 1st Session, Report No. 134, Part 2.

> something to say about the location of the roads, by confining these roads to a system and stating that the interstate roads must be given attention first.
>
> Senator McKellar, of Tennessee, led the minority of the committee which insisted that the state highway commissions should not be deprived of the right of locating and designating the roads within their states which are to be improved. In order to secure greater power for the state highway commissions, Mr. McKellar and the others of the minority agreed to the provision of the bill creating a federal highway commission. Thus as a result of the compromise, the Townsend bill, as it came onto the floor of the Senate, carried with it no change in the procedure for the approval of highway projects. The provision of the existing law was continued, wherein the states lay out the system subject to the approval of the federal agency.[85]

Eldridge, writing in the June 1921 issue of *American Motorist*, reported on a recent interview with Senator Townsend, who said that focusing Federal aid on the most important State roads of an "interstate character" was "the next logical step in cooperation with the several States in highways [sic] improvement." He said that the work should no longer be confined to one bureau in one department since highways "now concern five branches of the Government and there should be a distinct authority which can deal with all departments and possess an independence of procedure." Federal funds should be used in cooperation with State funds on the most important highways:

> In State after State we have progressed from State aid to the counties, to State systems of intercounty highways, and we are now seeking a form of Federal aid to the several States directed toward interstate highways which subsequently may be included in a national system.[86]

A New Danger

While the committee worked on the legislation, the country's fiscal situation continued to worsen. In mid-July, Congress and the President engaged in an unrelated debate that raised concerns among highway supporters on both sides of the debate. The issue was a measure to give a bonus to World War veterans to compensate them for the civilian pay they lost while serving their country. Harding initially supported the bonus, but turned against it because of his preference for tax cuts and a balanced budget, issues he stressed in a message to Congress on July 12, 1921. Biographer Russell summarized the issue and the debate:

> Harding's most open challenge to Congress came over a bill to grant the soldiers of the World War a bonus. Demanded by the many unemployed veterans, belligerently backed by the American Legion, the bonus bill—called with virtuous euphony the Soldiers' Adjusted Compensation Bill—was not a measure most election-conscious congressman would care to oppose. To Harding, pledged to deflation and a balanced budget, such a measure was against his whole conception of normalcy. It would, he told Congress, hinder readjustment

[85] "Senate Passes Amended Townsend Bill," *Engineering News-Record*, August 25, 1921, p. 337.
[86] Eldridge, M. O., "Townsend Measure Designed to Meet Needs of the Day," *American Motorist*, June 1921, p. 22.

> and restoration (the alliteration he found unavoidable) and imperil the financial stability of the country. So strongly did he feel about this "treasury raid" that he appeared in person before the Senate and spoke against what otherwise seemed certain of passing both houses. By his independent action Harding deferred the day of the bonus, but he stirred up much bitterness among the veterans and their congressional supporters. Congressman Bourke Cockran of New York was so incensed that he attempted to bring a resolution of censure against Harding accusing him of acting in an unconstitutional manner by thrusting "the personality of the Chief Executive into the grave deliberations of the representatives of the people."[87]

Congress put the measure aside until 1922.

The debate over the Bonus Bill raised "a new danger" for highway legislation, according to *Engineering News-Record*:

> The reasons which caused the President to oppose soldier-bonus legislation are thought to have actuated him to take a similar attitude with respect to the $100,000,000 appropriation being asked for highway development. While there has been no announcement from the White House on the subject, it is believed that the President prefers that this appropriation be delayed until the condition of the Treasury has improved.
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> Leaders in both the Senate and House have not been friendly at any time during the session to the suggestion that additional funds be appropriated at this time for federal-aid work. During recent weeks, with the more general recognition that the Treasury situation is really serious, this attitude has come to be regarded in a more sympathetic way. For that reason it no longer is the difference of opinion between those favoring the Townsend bill or the Dowell bill that threatens to delay highway legislation—it is the apparent crystallization of sentiment in favour of restricting appropriations regardless of their urgency.

An editorial in the same issue stated that the week's news from Washington "offers little cause for enthusiasm among the supporters of amendments to the present federal highway law and an appropriation of funds for federal aid at the rate of $100,000,000." Legislation, whether the Townsend Bill or the Phipps-Dowell Bill "may go the way of the soldiers' bonus bill in the general campaign for economy which is being carried on at the national capital." True, the editorial conceded, a substantial amount of Federal-aid funding had not yet been used, but that mainly was in States "which have been slowest in carrying out their construction programs." The "progressive States" had used all their funds and the absence of a new authorization "will disrupt the road-building program and the engineering organizations in those states which have been most active in road building." This argument, therefore, was "misleading." The editorial concluded:

> If further federal-aid appropriations are withheld by Congress, such action will be justified only by the need for the most drastic economy in the conduct of the Government's business

[87] Russell, p. 460.

> and not because, apparently, a certain amount of federal money for road construction still remains to be absorbed.[88]

Federal Highway Act of 1921

Senator Townsend reported his revised bill to the Senate on August 15. It had been modified again, with one change reducing the authorization to $100 million for only one year.

Discussion of the bill began on August 16. When the provision limiting Federal-aid to a 7-percent system was discussed, Senator Atlee Pomerene (D-Oh.) asked how 7 percent had been chosen as the cutoff point. Senator Townsend replied:

> I do not know why they decided on 7 per cent, except that this is about the proportion of roads within a State which could reasonably receive Federal aid. Indeed, that is about as large a percentage as could receive State aid.

E. W. James, a BPR official who was involved behind the scenes, would discuss this question in a recollection written in 1967:

> I have never had a better explanation than that of Markham, Secretary for years of the Association of State Highway Officials. Of course, 5 percent or 10 percent would have been a more natural figure, but why 7 percent? As Markham explained: Senators [Tasker L.] Oddie of Nevada, long gone, and Carl Hayden of Arizona, still on duty at 88 years plus or minus, were both strongly interested and concerned in the whole Federal Aid Road program. They wanted to be sure that their States would have at least two cross State roads, based on their certified public road mileage, one say east and west and one at approximate right angles north and south. Using undoubtedly incorrect or questionable mileage, they figured that 7 percent was the lowest fraction that would give them what they wanted and figured they needed. So they saw to it that 7 percent was written into the law. That's that. Whether Markham was right, I cannot say.[89]

The most surprising amendment of the bill occurred on August 17 when Senator Curtis, Markham's Kansas friend, moved to eliminate Section 3, which established the Federal Highway Commission. He explained:

> I am opposed to the creation of any more commissions. I think the time has come for the Senate to express itself in regard to that matter . . . . Arrangements have already been made in the Department of Agriculture for carrying on this work; the work has been satisfactorily carried on up to date, and it seems to me that a commission is unnecessary.

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[88] "New Federal-Aid Road Funds May Be Withheld," *Engineering News-Record*, July 21, 1921, p. 122, and "Road Bill Prospects," p. 89.
[89] James, E. W., Letter to Frederic W. Cron of the FHWA, February/March 1967. The letter is available at http://www.fhwa.dot.gov/infrastructure/ewjames.htm.

> Surely, this Government has too many commissions now, and it would be a good thing if some of them were eliminated. Some of them were very good commissions, but we have some that are absolutely unnecessary and are doing no good; and if one looks over the amount of appropriations that we have made for commissions in the last 10 or 12 years I know he will be astonished and surprised at the amount of money that has been expended; I think much of it unnecessarily.[90]

The discussion of the proposition noted that Congress had appointed a joint committee to consider consolidation of the executive agencies and the inefficiency of necessary commissions such as the Interstate Commerce Commission (ICC). (Senator Henry Cabot Lodge, Sr. (R-Ma.), said the ICC "has done, on the whole, as well as a commission can do; but the delays there are simply intolerable, due to the endless discussion they are always carrying on.").

The vote to remove Section 3 was 36 to 15. With Senator Townsend acknowledging that "a good many changes" would now be needed to align his bill with the Federal-aid concept "because the measure is constructed on the other theory," Senator Curtis led the Senate in a series of amendments to insert the phrase "Secretary of Agriculture" in place of "commission" each time it appeared in the bill, as well as other corresponding changes needed following elimination of Section 3. *Engineering News-Record* called these actions "an overwhelming vote of confidence for the U.S. Bureau of Public Roads."[91]

The Senate also voted to reduce the $100 million authorization in the bill for FY 1922. Senator Townsend told his colleagues:

> I have talked with representatives of the administration in reference to this bill, and I have been advised by the President, "Do not make it too large." I think it is believed and expected that an appropriation for roads will be made, but no amount has ever been indicated. We put this in at $100,000,000, which is the amount of last year's appropriation for roads.[92]

In view of the budget situation facing the country, the Senate reduced the authorization to $75 million for 1 year only, FY 1922, which had begun on July 1, 1921.

The amended Townsend Bill passed the Senate on August 19, sending the measure to Conference Committee to resolve differences between the House and Senate bills. In a post-mortem on the defeat of the proposed commission, Townsend reflected:

> Neither Senator Curtis nor any other single Senator could have defeated the commission plan under ordinary circumstances. The fact is, however, that I was practically hopeless of success some time ago, when such a revulsion of feeling set in against commissions

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[90] *Congressional Record*, First Session, 67th Congress, Volume LXI-Part 5, p. 5102-5109. Senator Curtis served as Vice President under President Herbert Hoover (1929-1933).
[91] "Senate Passes Amended Townsend Bill," *Engineering News-Record*, August 25, 1921, p. 337.
[92] *Congressional Record*, p. 5065.

> generally. Senator Norris had proposed a commission in his agricultural bill to look after farmers' credits, and especially relative to foreign markets. The decision against that commission was overwhelming. The Shipping Board has been under condemnation for a long time, and it in fact is a commission. I have seen the sentiment grow in the Senate against commissions for some time, and for that reason I repeat I was rather hopeless of success.[93]

Supporters of Federal-aid were disappointed when conferees did not meet to discuss the few remaining differences between the House and Senate versions before Congress went into recess at the end of August. The continuing concern about the budget appeared to play a part in the delay, with congressional leaders hesitant to appropriate even $75 million for the highway program.

In the view of *Engineering News-Record*, resolution of differences between the two bills should have been easy. The Townsend Bill as approved by the Senate was "radically different" from the Senator's original bill:

> Months ago the plan for a national highway system, to be built and maintained entirely with federal funds, was abandoned by Senator Townsend so that the main issues on which there had heretofore been controversy had disappeared.

Nevertheless, with these "bones of contention removed," Congress recessed before a unified bill could be completed.[94] The magazine explained that, "There is no disputing that several influential members of each House of Congress are not enthusiastic over the project [sic] of appropriating $75,000,000 at this time." Although they were in a position to delay the bill, the magazine speculated that "an overwhelming public demand for the highway money" would prompt the leaders to "forego dilatory tactics."

> As a result there is some uncertainty as to just when the new federal-aid appropriation will be available for distribution, but no doubt is expressed in any quarter as to the final passage of the bill.[95]

According to Senator Townsend, the Senate had appointed its conferees on August 19, the day the amended bill was approved. The House appointed its conferees on August 24, the last thing it accomplished before recessing that same day, but did not formally notify the Senate of the action until October 3. As a result, Senator Townsend could make only informal contacts with the House conferees. He had tried to schedule a meeting but found that all the House conferees were out of town:

> When Congress resumed its sessions after the recess I called up, or had my secretary call up, the various conferees, and even wrote to the conferees at their homes, telling them that I wanted a meeting of the conferees . . . .

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93 Eldridge, M. O., "Improvement of Federal Aid Act Seen in New Legislation," *American Motorist*, October 1921, p. 18.
94 "Federal Road Bill Delayed," *Engineering News-Record*, September 1, 1921, p. 345.
95 "Confident of Road Bill's Passage," *Engineering News-Record*, September 8, 1921, p. 422.

He had finally managed to schedule the first meeting of the Conference Committee on October 5, and even that occurred, the Senator said, only after Speaker of the House Frederick H. Gillett (R-Ma.) sent a telegram to the conferees calling on them to return to the city for the conference.[96]

As expected, the conferees did not need much time to complete their work. The Conference Committee completed a unified bill after extended sessions on October 6, 7, and 8.[97] Although restoration of $100 million was considered, the committee retained the $75 million single-year appropriation in the Senate bill, with $25 million to become available immediately, and the remainder to be available on January 1, 1922. (The bill appropriated $5 million for FY 1922 and $10 million for FY 1923 for forest roads.) The Federal-State matching ratio remained 50-50, but the Secretary could increase the Federal share in public lands States

Section 7 was altered to clarify that each State must "make provisions for State funds required . . . for construction, reconstruction, and maintenance of Federal-aid highways within the States, which funds shall be under the direct control of the State highway department." The committee also addressed concerns that Congressman Rayburn and others had expressed about the bill overriding State constitutions. States were given 3 years after passage of the Act to bring State laws into compliance.

Federal-aid highway funds would now be restricted to roads contained in a designated system of Federal-aid highways. The system would comprise up to 7 percent of all rural public roads in each State, but three-sevenths of the system must consist of roads that were "interstate in character." (Prior to designation of the 7-percent interstate system, the Secretary could approve projects "if he may reasonably anticipate that such projects will become a part of such system.") The roads that were "interstate in character" would have a right-of-way "of ample width and a wearing surface of an adequate width which shall not be less than eighteen feet, unless, in the opinion of the Secretary of Agriculture, it is rendered impracticable by physical conditions, excessive costs, probably traffic requirements, or legal obstacles."

During development of the bill, much debate had centered on whether to require the State highway agencies to use up to 60 percent or at least 60 percent of the Federal-aid highway funds on these interstate roads. The conferees settled on "not more than" 60 percent.

The legislation, like all previous versions, also addressed the President's concern about maintenance by strengthening the provisions of the 1916 Act. Section 2 of the new legislation redefined "maintenance" to mean "the constant making of needed repairs to preserve a smooth surfaced highway." Under Section 14, a State highway agency would receive a 90-day notice of a failure to maintain a Federal-aid highway. If the road was not "placed in proper condition of maintenance" during that period, the Secretary "shall proceed immediately to have such highway placed in a proper condition of maintenance and charge the cost thereof against the Federal funds allotted

[96] Congressional Record, p. 5989, 5992.
[97] "Conferees Agree on Federal-Aid Highway Bill," *Engineering News-Record*, October 13, 1921, p. 625.

to such State, and shall refuse to approve any other project in such State" until the State reimbursed the Federal highway fund for the amount expended.

The legislation also redefined the term "State highway department" to be any department, commission, board, or official "having adequate powers and suitably equipped and organized to discharge to the satisfaction of the Secretary of Agriculture the duties herein required." (The Federal-Aid Road Act of 1916 had defined a "State highway department" as one that was empowered "to exercise the functions ordinarily exercised by a State highway department.")

The House approved the final bill on November 1, with the Senate acting on November 3. President Harding approved the Federal Highway Act of 1921 on November 9. *Engineering News-Record* pointed out that the signing "was accompanied by more than the usual ceremony, so that a motion picture could be made of the event which marks the establishment of an important precedent in the government's highway policy." The article described the ceremony:

> There was a preliminary statement by W. C. Markham, of the Kansas Highway Commission, who has been acting as the legislative representative of the American Association of State Highway Officials throughout the consideration of the bill. His remarks were followed by a statement from the Secretary of Agriculture, who pointed out that the bill contains provisions for road maintenance, which should meet the full requirements specified by the President in his message to Congress. Senator Townsend then handed a specially wrought pen to the President who signed the engrossed bill. Others who participated in the exercises incident to the filming of the ceremony were John M. Parker, Governor of Louisiana; Thomas H. MacDonald, chief of the U.S. Bureau of Public Roads; the senators and representatives making up the conference committee which perfected the bill and Paul Wooton, Washington correspondent of *Engineering News-Record*.

An editorial in the same issue referred to the proposal to establish a commission to build national roads:

> Perhaps the bitterest fight on any single feature of the new measure centered on the proposal of a federal highway commission to administer the work in place of the Secretary of Agriculture, through the U.S. Bureau of Public Roads. The commission plan was defeated and control will rest with the bureau which, during recent years, has demonstrated its ability to administer the work.
>
> The passage of the bill, too, probably marks the end of the propaganda for a federal-built and maintained "national highway system." The federal-aid plan has come off victorious.[98]

Senator Townsend accepted the compromise established by the legislation. He called the legislation "the most progressive step ever taken by Congress in aid of good roads."[99]

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[98] "President Signs $75,000,000 Federal-Aid Road Bill" (p. 831) and "Constructive Progress in New Highway Act" (p. 799), *Engineering News-Record*, November 17, 1921.

Roy Chapin of the NACC issued a statement:

> While the new highway act is not all that students of the question would like to see, the law as it now stands marks a distinct step forward in the evolution of our highway policy . . . . [The] educational campaign waged by Senator Townsend to bring about a clearer appreciation of the importance of the highway problem, has been a successful one.[100]

Engineering News-Record praised "the assurance [the bill provides] of the adoption, by the states, of sounder policies of highway location, financing, construction and maintenance than existed in the past."

The western States were happy, as reflected in an article in *Western Highways Builder* that began:

> A new era in the history of the West, as historians of the future will see it, was ushered in on November 9, when President Harding signed the Phipps-Dowell Federal Highway Act. From our present perspective, the tangible effect of the act will be merely to provide another Federal appropriation, $75,000,000, for road construction with certain concessions to the Western States in the amount of cooperation required on account of the vast extent of the public domain situated therein. But those of us who look ahead sufficiently can see the whole attitude of the Federal government toward the empire west of the Rockies changed in the next two or three decades.
>
> The adoption of the graduated scale as a part of the Phipps-Dowell Bill constitutes nothing more or less than a tacit recognition of the Federal government's moral and financial obligations to the Public Land States. We cannot under estimate the immediate effect of the application of the graduated scale, but, beneficial as this may be, it is infinitesimal when considered in relation to its effect as a precedent by which the Federal government will be guided in other development work.[101]

The Department of Agriculture issued a statement summarizing the features of the 1921 Act. Regarding the 7-percent interstate system, the statement said:

> The roads to be paid for by this money, if placed end to end, would encircle the earth and extend from New York to San Francisco on the second lap . . . .[102]

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[99] Eldridge, M. O., "Many National Benefits Included in Passage of Federal Highway Act," *American Motorist*, December 1921, p. 24. Senator Townsend lost his bid for reelection in 1922. Chairman Dunn was not a candidate for reelection in 1922. As a result, neither Chairman was around to oversee the effect of the new legislation.
[100] "Chapin on the New Federal Aid Law," *Good Roads*, November 23, 1921, p. 239.
[101] Calcitrosus, "Western States Triumph in New Federal Highway Act," *Western Highways Builder*, December 1921, p. 14.
[102] "All States Will Receive Federal Aid for Highways," *Highway Engineer and Contractor*, December 1921, p. 27.

AASHO held its 7th annual meeting in Omaha, Nebraska, on December 5-8, 1921. MacDonald began his remarks to AASHO:

> Again we meet in conference to measure critically our efforts of the year, and to plan more thoroughly, more understandingly, I trust, our future work together. With the deepest conviction I record my faith in the principles set forth in the Federal highway legislation founded on the certainty of the progress that is being made, and that will, in a larger way result from the new legislation.

He commented on designation of the interstate system:

> The Act itself is remarkably comprehensive in defining and demanding a systematic plan, national in its extent, for future highway development. None of us has had, or is ever likely to have a more serious responsibility than the one imposed of selecting the Federal-aid system to be composed of the most important highways, articulating not only within the States, but with the systems of the contiguous States. Here is an opportunity to do a big, basic work, such as comes to few in the course of a life-time. The individual who fails to vision the importance of the task has no moral right to hold a position of authority in its performance.

He also put the bill in historical context:

> From a conception of highways as a purely local institution, a viewpoint we held for over a half century of our national life, we progressed to an acceptance of their importance to the State. This attitude persisted for another quarter of a century, until through the universal use of the motor vehicle, the transportation crises of a great war, the repeated threats of extensive railroad tie-ups, and the results already secured with Federal aid, we have, in the short period of five years, visioned our more important highways extended and interconnected to form a vast network, serving local, State and national traffic, only limited by the confines of the United States. This is the conception which has been written into the law, and which, because of the projected effect of that which is done now into the future, lifts the importance of this requirement, that is, the selection of the Federal-aid system, above any other principle or duty therein announced.

Senator Phipps, in a letter regretting that he must decline an invitation to address ARBA during its annual meeting in Chicago in January, said he was proud that his name was connected with the measure, although he gave much of the credit to Senator Townsend, “one of the most stalwart champions of good roads for many years.” Phipps recalled his thoughts while watching President Harding sign the bill:

> As President Harding affixed his signature to the bill, it occurred to me that here was one measure concerning which there was no question, one legislative proposition which could not be called in any sense an experiment but which represented a forward step along sane and constructive lines.

> There should be no difference of opinion as to the vital principles involved; there should be no sectionalism, no feeling of class discrimination; for, as a matter of fact, good roads inure to the benefit of all our people—the farm, the manufacturer, the local merchant and incidentally the tourist . . . .
>
> I believe that acting as a unit the people of the United States will establish at an early date a system of good roads second to none in the world.

A letter from President Harding, dated January 10, 1922, to ARBA stated:

> There is now pretty nearly universal agreement that no single public improvement has done in recent years or will do in the coming years, more for the general good of the country, than the development of our highway system. The task is an enormous one, but better methods both in physical construction and in the relations of the community to highway development have been taking form in a most encouraging way. [103]

The Federal Highway Act of 1921 settled the long running dispute between advocates of long-distance roads and farm-to-market roads. The Federal Government would not build a system of national roads, as proposed by the AAA and other advocates. But it also would not devote its road funds to the county roads favored by farm advocates or let State and local officials use the funds on any road. That the legislation rejected the calls for Federal construction of national roads was a tribute to the efforts of MacDonald and others to make the Federal-aid highway program work, and their ability to find a compromise that both sides could consider a victory.

In addition, resolution of the dispute was a reflection of the times. Aside from the merits of the proposal, Congress was in a reactionary mood under Republican control following President Wilson's expansion of the Federal Government's activities before and during the Great War. As Russell put it:

> The peace that was so little like its sloganed promise had spurred the high cost of living—as inflation was then known—had brought proliferating strikes, unemployed ex-soldiers, race riots, bombings by Reds and hysterical actions against them, a crime wave and prohibition. Wilson, a remote and silent invalid, inaccessible in his White House seclusion, became the subject of wild rumors. There was spreading dissatisfaction among ordinary, inarticulate Americans, the longing for a father figure to lead them out of the morass of the present to a prewar past that existed more serenely in the imagination than it ever had in fact.[104]

Congress was in no mood to approve Federal construction of national roads; the “golden mean” of the Federal Highway Act of 1921 maintained the balance between Federal and State responsibilities.

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[103] Letters from Senator Phipps and President Harding to Colonel H. L. Bowlby, president, American Road Builders' Association, *Good Roads*, January 25, 1922, p. 50.
[104] Russell , p. 325.

Contract Authority

On June 19, 1922, President Harding approved the Post Office Appropriation Act for 1923. With the economy rebounding, the legislation built on the foundation of the previous year's compromise by providing funds beyond the single year covered by the 1921 Act: $50 million for FY 1923, $65 million for FY 1924, and $75 million for FY 1925, plus $6.5 million a year for forest roads in FY 1924 and 1925.

The legislation included an unusual provision known as “contract authority,” which replaced the statutory phrase “providing appropriation” with “there is hereby authorized to be appropriated.” Although an appropriation of the authorized funds would still be needed, the Act stated that the Secretary of Agriculture’s approval of a Federal-aid highway project “shall be deemed a contractual obligation of the Federal Government.” *America’s Highways 1776-1976* explained that these changes “meant that the full sum of money authorized in the Act could be obligated *before* any legislation had been passed to provide liquidating cash—in the form of an appropriation—to pay the amounts claimed by the States.

In short, the Secretary’s approval would commit or “obligate” the Federal Government to pay the Federal share even though Congress had not yet approved a separate annual appropriation act for the authorized Federal-aid funds for that fiscal year. With contract authority, the State highway agencies could plan multi-year programs with the assurance that they would be reimbursed for the Federal share.[105]

Even as the legislation enacted in 1921 and 1922 revitalized the Federal-aid highway program, the economy was rebounding from its post-war problems. “Fortunately,” Gordon explained, “the depression of 1920-21 proved to be short-lived. New opportunities abounded in the 1920s and produced a decade of immense prosperity.” He attributed the renewed prosperity to two new economic engines, electricity and the automobile. The spread of electricity was “one of the wonders of the twentieth century”:

> This astonishing rise in the use of electricity came about not only because more and more people were switching over to electric light, but also because more and more tasks were being powered by electricity rather than by other means.

Electricity affected individuals by providing efficient power to their homes, but the transformation of industry was just as significant:

> The rapidly widening use of electricity also caused productivity to soar in the 1920s, increasing output per worker by 21.8 percent in that decade. This helped to push manufacturing output up by more than 90 percent.

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[105] *America’s Highways 1776-1976*, p. 206. Contract authority remains a vital part of the Federal-aid highway program today.

As for the automobile, "It would be difficult to overestimate the impact of the automobile on the American economy by the 1920s," according to Gordon. The first commercial sale of an automobile in the United States had occurred in 1896. It was sold by the Duryea Brothers, the bicycle makers who had driven the country's first gasoline-powered automobile on September 21, 1893, in Springfield, Massachusetts. The industry had grown gradually until Henry Ford introduced the low-priced, efficient Model T in 1908. It was a car for the masses, not the wealthy who had been the market for most other automobile entrepreneurs, and a practical, efficient vehicle that was perfectly adapted to America's poor roads:

> If the automobile was invented in Europe, the mass-produced automobile sold at a price the middle class could afford, was a purely American idea, an idea that transformed the American and world economies.

The automobile industry was America's largest, and the country's "seemingly insatiable national appetite for cars produced a decade of great industrial prosperity." While GNP increased by 59 percent from 1921 to 1929, GNP per capita rose by 42 percent. Personal income increased by more than 38 percent.

The growth of the industry had another side effect:

> The automobile also greatly increased road building and paving, which became a major component of the construction industry and greatly stimulated quarrying and cement manufacture.[106]

The growing demand for automobiles coincided with the removal of the frustrating obstacles that had hindered the Nation's road builders during and after the war. Relations between Federal and State highway officials had become more of a partnership under MacDonald, who had resurrected the Federal-aid highway program from the grim days of 1919 when its end seemed near, and now worked with the States to designate the Federal-aid system.

Even before President Harding signed the Federal Highway Act of 1921, the BPR asked each State highway agency to certify its total highway mileage. Certified mileage totaled 2,859,575, so the 7-percent system was limited to 200,170 miles. The designation process included system maps drawn by the States, correlation with analyses by a BPR task force under E. W. James, and conferences between the BPR and the individual States as well as conferences with several States to ensure linkages at State borders. The process was completed on November 1, 1923, with publication of a BPR map of the Federal-Aid Highway System. *America's Highways 1776-1976* summarized the results:

> Because many States designated less than 7 percent of their total mileage on the Federal-aid system, the roads shown on this map totaled only 168,881 miles, or 5.9 percent of all U.S. roads. However, almost immediately, the system began growing and it has been growing

[106] Gordon, p. 296-301, 307.

ever since. By July 1923, Maryland, Delaware, and Rhode Island had completed their original systems to a satisfactory standard and had been granted increases by the Secretary.[107]

[107] *America's Highways 1776-1976*, p. 108-109.

PART TWO
Unease in the Golden Age

The nickname for the 1920s, "The Roaring Twenties," applied equally well to the BPR and the State highway agencies. Compared with the early years of the Federal-aid highway program, progress in the 1920s was staggering. In 1922 alone, projects totaling 10,247 miles were completed at a cost of $189 million, three times as much mileage as had been improved since the start of the program in 1916.

Through 1928, the Federal Government had helped the State highway agencies improve over 73,000 miles, with another 11,000 miles under construction. And by 1929, the States had improved 90 percent of the Federal-aid system (about 170,000 miles) to some degree, about half of it under the Federal-aid highway program. This same year, the BPR approved the first projects to reconstruct segments of the Federal-aid system that had previously been improved with Federal-aid.

These improved roads were not concrete links in transcontinental highways. Most of the projects involved graded earth, sand-clay, or gravel surfaces. The projects, however, were consistent with the BPR's policy of stage construction. Needs were so great, particularly in view of the limited available funding, that the BPR encouraged the States to make improvements consistent with traffic needs and financial resources in a way that would ensure future upgradings retained the investment in the earlier stage of improvement.

By decade's end, MacDonald could claim that, "the American road building program of the last decade never has been equaled in the history of the world."[108] Roadbuilders of the period described their era as the Golden Age of Road Building.

They also had to fight off those who wanted to bring it to an end.

President Calvin Coolidge's Campaign Against Federal-Aid

After campaigning for a "return to normalcy," Harding would preside over one of the most corrupt Administrations in American history. In 1923, while returning from a trip to Alaska, Harding died in San Francisco on August 2. Calvin Coolidge became President on August 3, 1923; in 1924, he was elected to a full term in the wake of the "Coolidge prosperity" the country was enjoying.

The Vermont native was an opponent of the Federal-aid concept. This opposition was consistent with his general view that the Federal Government should play a more limited role than it had played in recent years. For example, he did not believe the Federal Government had a role in regulating the stock market or helping farmers through hard times. His philosophy of government was summed up by a comment he made to Senator James Watson (R-In.): "Senator, don't you

[108] MacDonald, Thomas H., "More Motoring Mileage," *American Motorist*, February 1929, p. 44.

know that four-fifths of all our troubles in this life would disappear if we would only sit down and keep still?" He earned the nickname, "the Prince of Laissez-Faire."[109]

The new President supported highway development. "No expenditure of public money contributes so much to the national wealth as for building good roads," he said in his first Annual Message to Congress on December 5, 1923. The President's problem was with the Federal-aid concept, which was used for highways, but also for activities as diverse as vocational education, cooperative agricultural extension work, maternity and infant hygiene, and industrial rehabilitation. He began speaking against Federal-aid on January 21, 1924, just 5 months after taking office, during a meeting of the Business Organization of the Government.

He explained that, "There is scarcely an economic ill anywhere in our country that cannot be traced directly or indirectly to high taxes." He was in favor of sound administration as opposed to the tendency "to lapse into the old unbusinesslike and wasteful extravagance." After much thought, he had concluded that "the financial program of the Chief Executive does not contemplate expansion of these subsidies." He explained his concern:

> My policy in this matter is not predicated alone on the drain which these subsidies make on the National Treasury. This of itself is sufficient to cause concern. But I am fearful that this broadening of the field of Government activities is detrimental both to the Federal and the State Governments. Efficiency of Federal operations is impaired as their scope is unduly enlarged. Efficiency of State governments is impaired as they relinquish and turn over to the Federal Government responsibilities which are rightfully theirs.[110]

Although President Coolidge based his opposition to Federal-aid on economy in government affairs and his support for lower Federal taxes, sympathetic State officials saw the debate he had launched from their perspective. Governor Albert C. Ritchie of Maryland, a Democrat who strongly opposed Federal intrusion in State affairs, joined the denunciation of Federal-aid in a speech to the Governors' Conference at Poland Springs, Maine. After complaining that the Federal Government collected more in taxes from residents of Maryland than did the State government, Governor Ritchie explained one of the causes for "this Federal invasion of the pocket-books of the people":

> One of the contributory causes of this Federal invasion of the pocket-books of the people is maintenance of an enormous and growing overhead of bureaus and commissioners, of which some are not needed, while others should be curtailed, and still others do work and spend money for purposes which should be turned back to the states . . . .

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[109] Smith, Gene, *The Shattered Dream: Herbert Hoover and the Great Depression*, William Morrow and Company, Inc., 1970, p. 48-50.

[110] "Extracts from the Public Addresses of the Hon. Calvin Coolidge, President of the United States." This compilation is from a file called "FEDERAL-AID (prior to 1927)" maintained by the U.S. Bureau of Public Roads. It includes news clippings, typed excerpts from speeches, and magazine articles on the subject. The file is part of a Vertical File of material in the U.S. Department of Transportation Library.

He particularly disliked the 50-50 Federal-aid concept that he said had begun in 1914 with Federal land grants. In fact, he considered the term a misnomer:

> The Federal Government can scarcely be said to "aid" the states, when all it does is take money from the people of the states and then give it back to them again. Most certainly the Federal Government does not "aid" the states, when what it actually does is give back only a part of what it collects from them, and keep the rest to pay the cost of expensive bureaus maintained for the purpose of giving it back.

But his primary objection was even more serious:

> The granting of Federal Aid means the taking of Federal control over local subjects in a manner which could not possibly be done directly under the Constitution. The Federal Government would have no conceivable right to interfere at all in the management by any state of its health conditions, of its schools, or of its works of internal improvement. But when the Federal Government gives Federal Aid, it does so on conditions. It always demands the right of supervision. It can withdraw its appropriation at any time if its directions are not observed by the state. So that instead of being an "aid," the thing is really a trade in which the Federal Government buys the right to superintend activities which primarily belong to the States . . . .

He also questioned the quality of the Federal supervision:

> Then the everlasting annoyance of Federal inspectors and investigators and agents, often irresponsible and incompetent, prying into business which ought to be private and into affairs which ought to be personal, and exercising supervision and demanding reports and audits of almost every conceivable kind.

He was not singling out the Federal-aid highway program, but he did point out what he considered another injustice by using roads as an example:

> The charge falls on all alike. But when the money goes out of the Federal Treasury, gross discrimination is involved . . . . Maryland began her splendid system of state roads about 1910, and was far ahead of other states when Federal Aid for highways commenced in 1916. Other states have since been helped with Federal money in starting their improved road work. Maryland carried her burden alone for at least six years.[111]

Members of Congress contributed to the debate. Senator James W. Wadsworth, Jr. (R-NY) denounced Federal intervention during a Lincoln Day Dinner on February 12, 1924. He begged the audience's indulgence to comment on a proposal "for the Federal Government to contribute from its Treasury to the support of undertakings at present carried on in the several States." He was

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[111] Ritchie, Albert C. "Back to States' Rights!" *The World's Work*, March 1924, pages 525-529.

referring to “the principal [sic] of Federal aid, so called.” Based on his experience in the State legislature and the United States Senate, he explained:

> I know but little of the Federal Government, but enough to know that the people of this State, for example, are competent through their own government to take care of their own affairs, and that nothing in the way of efficiency will be gained from the State surrendering to the Federal Government at the price of Federal money the control of those things which they have had under their control for a century or more.[112]

Representative John Philip Hill (R-Md.) expressed similar views in the House on December 29, 1924, during debate on the Treasury and Post Office Appropriation Bill:

> Most of the causes for which appropriation from the States are asked are meritorious to [sic] themselves. Those backing them are zealous, persuasive, and tireless. Once on the statute books, the States hesitate to refuse the doles; they want their share. The movement being launched, there comes insistent demand for more and more money, more and more employees, until the States awake to the fact that there is another well-intrenched Federal agency in their midst with ever-increasing activities.[113]

On February 6, 1925, Senator William C. Bruce (D-Md.) summarized the argument against Federal-aid during debate on a bill authorizing funds for the Federal-aid highway program for FYs 1926 and 1927:

> My objection to the general system of Federal aid or subsidy is . . . fundamental. In my judgment it constitutes the stealthiest, the most insidious, the most perilous, the most effective invasion of State rights that has ever been known in the history of our country. A more skillful, a more ingenious method on the part of the Federal Government of robbing the States of the full measure of their State sovereignty could not be devised; in other words, this system of Federal aid is simply an indirect, oblique method of filching from the States the domestic powers that properly appertain to them . . . .
>
> Like Samson when robbed of his omnipotent locks by Delilah, the people of the United States have permitted themselves to be deprived of a large portion of the State authority with which they were originally endowed . . . . I do not quarrel with any proper exercise by the Federal Government of the power to establish post roads. That is one of the objects to be subserved by the Federal power, just as much as any other object that falls within the domain of the power. I do object, however, to this system by which the Federal Government lures the State governments into the surrender of that State sovereignty, and that is not all; by which it tempts the State governments often into most imprudent, improvident, and extravagant expenditure of State funds.[114]

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[112] “FEDERAL-AID (prior to 1927).”
[113] “FEDERAL-AID (prior to 1927).”
[114] “FEDERAL-AID (prior to 1927).”

As might be expected, the BPR followed the debate closely. When Senator Simeon D. Fess (R-Oh.), a Federal-aid supporter, referred to the BPR's program as being of the hit-or-miss variety, Chief MacDonald wrote to clarify that the program "is not on a haphazard basis, but is strictly confined to a system of roads, interstate and intercounty in character, limited to not more than 7 per cent of the total road mileage." His February 5 letter enclosed a map of the Federal-aid system of 174,350 miles, and explained that, "We are completing this system at the rate of about 9,000 miles per year." MacDonald explained that the goal was to do the major work of surfacing the system in a reasonable manner over the next 12 to 15 years, after which other work could be done, such as eliminating dangerous railroad crossings.

The Mississippi River, MacDonald continued, was something of a divider in highway policy. In the more populated States east of the river, Federal-aid projects involved higher types of surface, such as bituminous macadam, brick, and Portland cement concrete. West of the river, the less populated States requested assistance in "stage construction":

> This means that we first do the grading and other necessary fundamental work such as the building of culverts and bridges, and pour on the surface a covering of gravel or sandclay [sic] to be used until funds are available and the traffic has reached a point where such a surface can no longer be economically maintained.

MacDonald concluded his letter with a general response to critics:

> There are no arbitrary policies established with respect to the administration of Federal aid. Under the Federal Highway Act the States' rights and authority are very carefully preserved, and the question of State versus Federal rights is not raised in our actual operations. There is close cooperation between the State highway departments and the Bureau of Public Roads. Each respects the good faith and judgment of the other, and we approach the problem of road building as engineers seeking to accomplish the same objective and to be mutually helpful in this immense task.

Senator Fess had the letter read into the record of the debate.[115]

Despite concerns about the concept, Congress approved President Coolidge's request to continue, but not expand, the Federal-aid program, with $75 million for each of FY's 1926 and 1927. The President signed the act on February 12, 1925.

Backlash

The western States, with their sparse population and large amounts of nontaxable public land, were particularly concerned about the anti-Federal-aid rhetoric. One of the outspoken defenders of Federal-aid for roads was Harvey M. Toy, a hotel man from San Francisco who served as chairman of the California State Highway Commission. His State was separated from transcontinental traffic

[115] "FEDERAL-AID (prior to 1927)."

by States that did not have sufficient tax base to upgrade their through routes on their own. He began an article in the September 1925 issue of *The American County* by saying, "Eastern politics, plus a misconception of the purpose back of Federal-aid, may imperil the present highway policy of the National Government." The West would, he said, demand continuation of Federal-aid "as an income to which it is entitled" in view of the large amount of nontaxable Federal lands" across which roads must be built "for the accommodation and pleasure of Eastern tourists coming westward in ever-increasing numbers."

In response to those who complained that their State paid more in Federal taxes than they receive in Federal appropriations, Toy asked, "Are we a nation or a confederation of States? Shall all taxes paid on Broadway be expended on Broadway, or for other necessary governmental purposes throughout New York City?"

He concluded:

> Interstate highway transportation is more important today than ever before in our history. We must fight the forces of disintegration by making it easy for the people of every part of the Nation to visit the other. We must become one Nation, one people.
>
> Federal aid means continuity in our highway construction—a truly National system of highways reaching into every part of the country. The work of building such a system, now well planned under the present policy, will be impeded, probably halted altogether, if Federal aid is not continued . . . . America does not want many unconnected State highway systems. It needs and must have one great National system of improved roads.[116]

In October 1925, President Coolidge proposed to slash the Federal-aid highway program from what a “White House spokesman” (presumably Coolidge himself) referred to as “$170 million” a year. His announcement prompted a strong backlash in the West. Using the BPR’s most recent annual report, the *Morning Oregonian* on November 1 suggested that, “President Coolidge was misinformed as to the actual yearly cost of Federal-aid roads.” According to the report, the article said, the correct figure had been $95 million. “The fact that this figure is something more than half as large as that used by the president is puzzling even expert statisticians.”

(BPR’s annual report for FY 1924 stated that the total cost of Federal-aid projects completed during the year was $242.9 million, with a Federal share of $111.3 million. Because projects can take more than a single year to complete, the “actual disbursements of the Federal funds” to the States for the completed projects and progress payments for projects begun during the year totaled $95.7 million.[117])

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[116] Toy, Harvey M., “West Must United in Support of Continuation of Federal Aid for Highway Construction,” *The American County*, September 1925, p. 5-6.
[117] MacDonald, Thomas H., Report of the Chief of the Bureau of Public Roads, October 15, 1925, p. 5-6.

The article speculated that Congress would ignore the President's proposal, and perhaps increase funding for Federal-aid highway projects from $75 million a year to $90 million:

> The chief ground for this assumption is that a majority of the states are now embarked upon highway construction programs to which they have devoted many millions of dollars of their own funds. They took such steps in the belief that the federal government would continue to bear a proportionate share of the burden, and now intend to hold it to the implied agreement.

Leo A. McClatchy of the *San Francisco Bulletin* explained the President's view in an article datelined November 3:

> In the case of road-building . . . the president is represented as believing that the government is being "milked" to some extent under the present scheme by which federal cash is put into state road projects. He favors such cooperation when the roads can properly be classed as "main arteries" of national importance, but is opposed to federal aid on roads of merely local importance. The states should undertake this work themselves, he feels, and he thinks this can be done without unduly burdening the taxpayer.

McClatchy pointed out that the President conceded that in fairness, exceptions should be made for States where much of the land is owned by the government and, therefore, not taxable.

Western States organized against the reported cutback. *Motor Land* magazine, published by the California State Automobile Association (CSAA, representing northern California), reported:

> Federal aid in the construction of a national system of highways is in genuine jeopardy with the system as it is now laid out less than one-half completed . . . . Forward progress in the campaign to insure continued appropriations for Federal aid, which is of national importance and the lifeblood of highway construction in practically all of the western states, was further complicated by a persistent and apparently well-founded rumor from Washington to the effect that President Coolidge would recommend curtailment of Federal aid in his annual message to Congress.

On November 28, 1925, the association wrote to the President to express hope that the report was in error. Motorists across the West, the letter said, "are 100 per cent in favor of full continuation if not increased Federal highway aid under existing laws until the government program is completed." After explaining that a nationwide system of coordinated highways was vitally necessary from military, commercial, and tourist standpoints, the letter said, "we earnestly urge you to eliminate recommendation for curtailment at this time and take steps to ascertain the real sentiment of the country regarding this most important matter." The association also called on Senators and Representatives to call upon the President to urge him to support Federal-aid in present amounts, if not increased amounts.[118] Automobile clubs in the 11 western States sent similar letters to the President.

Meanwhile, efforts to solidify motorist support throughout the country were underway. In late November, State auto club representatives and the AAA executive committee met in Detroit to develop a coordinated plan for ensuring continued funding. Plans were worked out for requesting support from civic associations and other motoring groups, with AAA assuring the States of the support of its 750 affiliated clubs. The CSAA was delegated to organize the AAA motor clubs in the 11 western States. On November 21, 1925, according to an article in the *San Francisco Examiner* the following day, CSAA representatives "called on President Coolidge and other high government officials to present the demands of the western states for a continuation of Federal aid."

Farm organizations joined in expressing concerns about the reported policy change, since the President had indicated he particularly objected to Federal-aid funds for the "secondary" portion of the Federal-aid system, encompassing farm-to-market roads. In Sacramento for its annual convention, the National Grange passed a resolution demanding the continuation of Federal-aid as a national necessity and obligation, according to an article in the *San Francisco Examiner* on November 22, 1925.

AASHO Fights Back

AASHO, which had played a key role in creating and shaping the Federal-aid highway program in 1916, 1919, 1921, and 1922, began fighting back in the fall of 1925.

It published articles in the October 1925 issue of its magazine, *American Highways*, on the theme. The first, "Who Pays Uncle Sam's Bills," addressed the source of Federal tax revenue, observing that "tabulation of receipts for the Federal Treasury, by States, is misleading, unfair and in many cases far from the truth as to who meets the assessments." In a lengthy section, the article addressed the claims of New York State, one of the leading opponents of Federal-aid. Although the State claimed to contribute 25 percent of Federal revenue, the article noted that while corporations are based in the State, the revenue they generate comes from elsewhere. For example, the Union Pacific and Southern Pacific Railroads, while paying taxes from corporate offices in New York, ran trains that got no closer to the State than Kansas City (Union) and New Orleans (Southern). Similarly, the United States Steel Corporation paid corporate taxes from New York, but had plants and warehouses around the country, plus 153,350 stockholders "who really paid this income tax," only 32,322 of whom lived in the State.

A second article discussed "Federal Responsibility For Our Highways." The article began by pointing out that Federal funds for interstate roads "are not a charitable contribution to an indigent public, but rather a fitting appropriation to a public necessity indisputably national in character." It quoted President Coolidge in support of highway development from his message to Congress on December 6, 1923 ("Highways and reforestation should continue to have the interest and support of

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[118] "Federal Aid in Jeopardy," *Motor Land*, date unknown, p. 12, 40, 44.

the Government"), then asked, "How can they have real support from the Government without financial backing?"

The article quoted early American leaders on the importance of good roads and the necessity of Federal involvement. In 1801, Alexander Hamilton, who believed in a strong central government, had said:

> The improvement of the communications between the different parts of our country is an object well worthy of the national purse, and one which would abundantly repay to labor the portion of its earnings, which may have been borrowed for the purpose. To provide roads and bridges is within the direct purview of the Constitution.

It cited President Madison's 1816 message to Congress, regarding the need to develop a comprehensive system of roads and canals, subject to a constitutional amendment, and quoted Calhoun in 1817:

> Let it not be said that internal improvements may be wholly left to the enterprise of the States and of individuals. I know that much may be justly expected to be done by them; but in a country so new and so extensive as ours there is room enough for all the general and state governments and individuals to exert their resources.

In 1819, while serving as Secretary of War, Calhoun had said:

> It is in fact, one of the great advantages of our country, enjoying so many others that, whether we regard its internal improvements in relation to military, civil, or political purposes, very nearly the same system, in all its parts, is required. The road or canal can scarcely be designated which is highly useful for military operations that is not equally required for the industry or political prosperity of the community.

The article also summarized the provisions of the United States Constitution that justified Federal participation:

> Preamble:--"… provide for the common defence, promote the general Welfare."
>
> Article I, Section VIII—
> "… provide for the common Defence and general Welfare of the United States."
> "To regulate Commerce with foreign Nations, and among the several States . . . ."
> "To establish Post Offices and post Roads."
> "To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States or any Department or Officer thereof."

After analyzing each provision, the article summarized the history of Federal involvement since creation of the U.S. Office of Road Inquiry in 1893. Having described the good that resulted from Federal involvement, the article cited the Republican and Democratic platforms adopted prior to the 1924 Presidential election, both of which supported continued Federal-aid highway funding. The article concluded:

> That the Federal government has plenty of Constitutional powers over the highways there is abundant proof. How she can have control and then repudiate any responsibility for those highways is incomprehensible. Curtailment of the program of construction as it is now moving forward would not be a real saving. There is plenty of evidence to show that it would be an economic loss. No Federal function today is giving the people more for the funds involved than for highways. A solemn agreement was made with the States and the completion of the system should go forward with sound, business alacrity.

When AASHO met in Detroit for its annual meeting on November 18-21, 1925, the threat to Federal-aid was a prime topic of discussion. Frank F. Rogers, Michigan State Highway Commissioner, used his address as president of AASHO to address the topic. After summarizing the historical and other arguments in support of Federal-aid, he turned to President Coolidge's views:

> President Coolidge has said, or at least the press has credited him with saying, that "When the National Treasury contributes half, there is temptation to extravagance on the part of the state. Yet there are constant demands for more Federal contributions. Whenever by that plan we take something from one group of states and give it to another group, there is grave danger that we do an economic injustice on one side and political injury on the other. We impose unfairly on the strength of the strong and we encourage the weak to indulge their weakness." Later the same person, in an Omaha address, said: "I can see no merit in any unnecessary expenditures of money to hire men to build fleets and carry muskets when international relations and agreements permit the turning of such resources into the making of good roads, the building of better homes, the promotion of education, and all the other arts of peace which minister to the advancement of human welfare." This is more encouraging.

Rogers' response was similar to the material in the October 1925 issue of *American Highways*. He concluded:

> I wish to be emphatic in saying that there is no loss of initiative when the State and Federal engineers jointly strive for the best there is in highway practice. Under such a system most of the states have produced a rather large number of trained engineers who are in charge of the work and who, for the most part, take pride in building the best roads they can produce. Neither group feels that it has lost anything by contact with the other and I can not see wherein any state's rights or local home rule principle is violated in this kind of a partnership, which is producing at the rate of between 11,000 and 12,000 miles a year of the best roads of the various types that were ever built on the surface of the globe.

AASHO adopted a resolution in support of continued Federal-aid for FYs 1928 and 1929 at a level of $80 million a year.

The President Sticks to His Views

The expressions of support for the Federal-aid highway program had little impact on President Coolidge.

Overall, he was happy with the state of the national budget. His annual budget message to Congress, released on December 9, 1925, reported that the surplus would exceed $260 million in FY 1926, and the outlook for 1927 "is most favorable." The surplus for 1927 was expected to exceed $330 million. Therefore, he believed the time had come to reduce taxes to a level that would avoid deficits. Doing so "should carry an obligation not to embark upon new projects involving large, annual expenditures if we are to safeguard the integrity of our budget."

In that regard, he reiterated his views against expansion of the many Federal-aid activities, which would cost $110 million in 1927, with $80 million of that for the Federal-aid highway program. Moreover, because of contract authority, the program had an additional $116.7 million in obligetions. The Federal Government had been generous, he said, having appropriated $690 million to help the States with their road construction programs. The funds were "probably necessary in the beginning" and had "expedited and so coordinated construction that all expenditures would be reflected in a definite and approved connecting highway system."

Still, the Federal contributions required the States to spend more State funds than they might otherwise have chosen to expend. Asserting that, "I am speaking for what I consider the best interest of the people," the President pointed out that Federal taxes had been decreasing while State taxes were increasing, with Federal-aid influencing the State increases:

> We should keep in mind that the moneys which we have contributed to the States are taken from the people, who in turn also pay the moneys required by the State to finance their own portion of the cost. The entire cost falls upon the people. It is true that the necessity and demand for good roads are constantly increasing but they should not be constructed faster than the taxpayers can afford to pay for them. The amount that taxpayers can afford to pay can best be determined by the citizens of each State.

Aside from the burden on taxpayers, President Coolidge believed the States had a responsibility to make their own decisions about road construction:

> Since the inauguration of the present plan of Federal aid for road construction the States have changed their methods of financing their portion of the expenses. A large majority of the States now exact a gasoline tax, thereby distributing the cost of road construction and

> maintenance to those who benefit by their use.[119] The construction of roads within a State is purely a State matter and ultimately should be financed by State funds. Without further legislative enactment the States would carry on their construction to an amount which they can afford to spend on it. But the National Government is committed to the policy of assisting in the building of good roads. Commitments have been made both by the States and the Nation in this direction. It is necessary to continue them for the present.

Although the President requested another authorization of $80 million for 1927, he recommended that the Congress consider a broader issue:

> I do, however, recommend for the consideration of the Congress that future legislation restrict the Government's participation in State road construction to primary or interstate highways, leaving it to the States to finance their secondary or intercounty highways. This would operate to diminish the amount of Federal contribution.

The Congress took up the President's recommendations the following year. Many of the same arguments were repeated when the Committee on Roads of the U.S. House of Representatives held hearings on road bills on February 15-20, 1926. The April 1926 issue of *American Highways* reprinted many of the statements delivered during testimony. The title of the reprints was:

Congress Listens To Requests For Continued Federal Cooperation
With The States In Road Building
Such Unanimous Support from All Parts of the Nation Has Never Been Received.

In addition to AASHO, organizations speaking (or submitting resolutions) in favor of Federal-aid were:

- American Automobile Association
- American Bankers' Association
- American Farm Bureau Federation
- American Federation of Labor
- American Road Builders' Association
- National Grange
- National Automobile Chamber of Commerce
- Chamber of Commerce of the United States.

In testimony, MacDonald explained that he was convinced "that highways are one of the prime essentials of our civilization and . . . one of the prime necessities for the maintenance of our standard of living in the rural sections as well as in the city districts." He acknowledged that the issue before the committee was not just the amount of funding, but "whether we are going to have a

[119] In 1919, Oregon became the first State to tax the sale of fuel for motor vehicles. "The tax was adopted by other States because it proved at least a rough measure of highway use, was relatively painless to the taxpayer, and easy for the State to administer." *America's Highways 1776-1976*, p. 242.

governmental policy or whether we are not going to have a governmental policy." He summarized the status of work under the Federal-aid highway program and indicated a higher level of funding would be needed:

> I have discussed the matter at considerable length from time to time with the Secretary of Agriculture. It is the position of the Department that the program which has been operative between the Federal Government and the States should be continued, but that the program should not be increased beyond its present rate.

MacDonald said that he and Secretary of Agriculture William M. Jardine had never discussed a specific amount. Although the authorized amount had been $75 million a year, expenditures in the multi-year program actually reached $80 million. MacDonald concluded that the position of the Department was to fund the program "at the continuing rate, and there is more evidence that the program has been approximately $80,000,000 than it has been $75,000,000." He added that, "I am assuming that the position of the Department would be based on the authorization and that $75,000,000 would be the position taken by the Department."

Further, MacDonald referred to New York State's new $300 million bond issue for eliminating rail-highway grade crossings to illustrate "something of the measure of the cost of doing work of this character." *American Highways* reprinted a brief colloquy between MacDonald and Representative Clarence MacGregor (R-NY.):

> Mr. MacGregor. Why do not all the other States do what New York State is doing, and pay for their own?
> Mr. MacDonald. Mr. MacGregor, there is only one reason, and that is because all the other States do not have within their borders the city of New York. That is absolutely the only reason. If they did have, they would.

On June 26, 1926, President Coolidge signed legislation that authorized $75 million a year for the Federal-aid highway program in FYs 1928 and 1929.

Thomas H. MacDonald Responds

MacDonald, who had done so much to advance the Federal-aid cause and thwart supporters of Federal construction of national roads, was concerned by the criticism of the concept. He often addressed the Federal-aid debate in speeches and articles. However, in April 1928, he and his assistant, Herbert S. Fairbank, consolidated the arguments into a 56-page paper on "Federal Aid as a Road Building Policy." It was written in three parts:

1. What Is It and What Has It Accomplished?
2. Is It Aid or Cooperation?
3. Do Some States Pay More Than They Receive?

The paper began by citing the accomplishments of the Federal-aid highway program:

> What we do assert—and that without hesitation—is that, as a result of the Government's participation and the inevitable concomitants of that participation a high degree of order and harmony has been brought into what would otherwise have been at best a discordant, and at worst a planless, expenditure of effort.
>
> The requirements of the Federal law and administration have been the strongest forces at work to effect a concentration of the State highway expenditures on the really important roads.

MacDonald and Fairbank saw the BPR as "the common denominator of the State fractions which make up the sum of national road building effort." They explained:

> [The BPR] has served to disseminate a knowledge and practice of successful methods and to bring about the abolition of inefficient and uneconomic practices. It has been responsible for a standardization of construction and administrative policies at a level which tends to approach the highest. The co-partnership existing between the Federal bureau and each of the State highway departments has been the binding force which has kept the highway officials of the country to a community of effort.

The allegation that "Federal-aid" is a misnomer was not so much denied as amplified upon. Given that Federal-aid highway funds were restricted to the Federal-aid system, the paper acknowledged that the funds are not "aid" at all, but rather "a necessary Federal provision to accomplish an important Federal object—the improvement of a limited system of main interstate roads." These roads were the most important roads of the States and "the great arteries of the nation, serving both intrastate and interstate traffic to a greater degree than any other roads."

To illustrate the mix of traffic, the paper cited several examples from the East Coast. In Connecticut, for example, interstate passenger car traffic was more than half the total use of the Federal-aid system. During the summer season, a third of the traffic in Vermont and a half of the traffic in New Hampshire originated beyond their borders.

Delaware and New Jersey had a different situation, serving as "bridge" States for traffic coming from and bound for elsewhere. A large amount of traffic in Delaware did not carry Delaware license plates. New Jersey, dating to the Colonial period, carried a high percentage of traffic between New York City and Philadelphia and points beyond.

The paper listed Connecticut, Delaware, Maryland, Massachusetts, New Jersey, and Rhode Island as States that "by virtue of their size and position in the eastern tier, are carrying especially heavy burdens as a result of traffic originating in and destined to their sister States." Other States, such as New York and Pennsylvania, "are less heavily burdened with traffic not their own." The paper added:

> It is precisely this unequal pressure of interstate traffic that cries aloud for relief and equalization through Federal contribution to the cost of providing the main highway facilities. It is rather remarkable, therefore, that such opposition as there is to continuance of the Federal-aid policy should spring so largely from this section in which the need for the compensation it offers is so clear.

In the western public lands States, where much of the traffic was from elsewhere, "there is no doubt whatever of the absolute necessity of Federal cooperation."

Based on this analysis, the paper stated:

> So it is asserted with ample basis we think, that the Federal provision for road construction, called Federal aid, is not aid at all, but a Federal payment for a Federal purpose. It is not a gratuity calculated to break down the independence and the initiative of the States any more than, let us say, the improvement of rivers, or the building of post offices or army posts, or any other construction work by the Federal Government within State jurisdiction is calculated to do so, for no less certainly than these is the Federal cooperation in interstate road construction a necessary Federal activity.

MacDonald and Fairbank stated that the constitutional authority was “clear.” Therefore, they addressed only the power "to establish Post Offices and post Roads." Because of the modern interpretation of these words, they said, Congress in 1916 limited Federal-aid to roads over which the mail was carried. This was "no limitation at all" because rural delivery routes equaled 1.2 million miles as of January 1927. A true limit had been imposed in 1921, with the Federal-aid system comprising no more than 200,000 miles.

From a historic perspective, the modern understanding of "post roads" was "one of those curious inversions of the meaning of words" that occurs over time because of changing habits and customs:

> The original "post roads" were the highways over which journeys were made of such length as to necessitate accommodations for the changing of horses and the over-night lodging of travelers. To provide those accommodations post houses or inns were established at convenient intervals and the roads took their name from these posts . . . . By reason of the fact that the carriage of parcels and packets necessarily took place over the post roads, the public agency which performed that service became the postal service, and the stations already established for other purposes naturally became the post offices.

This was, the paper asserted, the understanding of the term "in the minds of the framers of the Constitution."

With the constitutionality of the program explained, MacDonald and Fairbank considered the charge of extravagance to be the weakest objection to Federal-aid:

> By some, the plan has been attacked on the ground that the Federal expenditures are excessive. Others fear that it will encourage the States in an extravagant expansion of their road expenditures.

In response, the paper explained that whether as a percentage of total government expenditures (2 percent) or as a percentage of total highway expenditures (8 percent), the amount of Federal-aid funding is relatively small. More important, the paper asked what expenditures could rightly be considered extravagant:

> Public expenditures for road construction are investments . . . . The money is simply converted into [roads that] so facilitate the movement of vehicles and so greatly reduce the operating costs of highway transportation that the sums invested in the roads are returned to the public, with very considerable increase, in the saving of transportation costs. When viewed in this light, one is almost prepared to say that no possible expenditure for road improvement could rightly be regarded as extravagant.

The paper addressed the frequently raised objection by some States that they contribute more to the Federal Government in taxes than they receive. In this era before the Federal excise tax on gasoline, the objection referred to revenue from all Federal taxes, including income taxes, compared with Federal funds returned to the States:

> Of course, those who complain that this or that State pays more than it receives utterly ignore the national objects of the expenditure—the connection of State with State, the construction of transcontinental highways over the mountain passes and across the desert spaces of the West, the building of roads for national defense. They overlook the fact that from the national point of view the need for Federal expenditure is not gauged at all by the wealth of the States nor by their tax contributions, but rather by the area to be spanned and the mileage to be built, and the traffic to be accommodated. All these things they fail to take account of; and insist only that if there is to be any Federal expenditure at all, no State should benefit in lesser proportion than the percentage of internal revenue collected from it.

The paper also challenged the common assertion that revenue collections reported as received from each State represent taxes paid by the citizens of that State. Certain taxes were clearly paid by each State's citizens—the individual income tax being the primary example. But as AASHO had pointed out, corporate income taxes were collected where the corporation's business offices were located even though “they are ultimately paid by the stockholders whose homes may be, and often are far removed from the place of tax collection."

Similarly, the taxes on manufactured articles and commodities were collected where the manufacturers have their office. However, they "are ultimately paid by consumers all over the land." For example, a high percentage of the revenue from the tax on tobacco is collected in North Carolina and Virginia, but the taxes "are actually paid by consumers in every State." The paper also cited Michigan, which paid $198 million, or 7 percent of the Federal total in internal revenue collections, but received only 3 percent of the Federal-aid. The paper suggested that before concluding that Michigan was being treated unfairly, critics should consider several factors:

> [We] find that it includes over $48,000,000 of excise taxes on motor vehicles and nearly $4,000,000 of tobacco taxes, the ultimate payment of which is by citizens of many States. We find also that the corporation income taxes are more than half of the total, and without question a large part of this portion of the receipts consists of taxes on the income of motor vehicle manufacturing concerns, which are really paid by the widely scattered stockholders in these great corporations. A very large part of the individual income taxes of $38,000,000 is paid by the Fords, father and son. The exact amount of their tax in 1927 is not readily available. In 1923 it was more than $21,000,000.

In short, when such factors are considered, "it is more than probable that it would be found that [the citizens of Michigan] pay no more than their proportional per capita share and no more than the percentage of Federal aid they receive."

The paper also challenged the basic assumption behind the complaint:

> It is a false theory which assumes that States contribute to the Federal Treasury. The Federal taxes are paid finally by individuals all over the land who, wherever they may live, are citizens of the United States. They pay their taxes to meet Federal needs, and the improvement of the Federal-aid highway system is such a need.

To the objection by some States that they built their own roads with their own money, MacDonald and Fairbank responded that this view assumed that Federal funding is "a gratuity toward the accomplishment of improvements of benefit solely to the individual States." This assumption has already been "shown to be incorrect." The view also assumed "that roads are improved once for all time." History proves this theory wrong. Moreover, all the States, without exception, "are absorbing the Federal apportionments in the making of needed improvements."

Finally, the paper addressed the charge of paternalism:

> . . . that it is an unwarranted Federal infringement upon State authority, that its administration is bureaucratic and not amenable to the will of the people, and that it fastens upon the taxpayers the burden of maintaining an army of Federal jobholders.

The paper had previously demonstrated the constitutional basis for Federal-aid. To the other points, the paper noted that the Federal-aid program placed the initiative in all matters in the hands of the State highway departments. A "studied effort" was being made to accommodate the particular circumstances of each State "by decentralization of authority and the avoidance of impracticable general standards." Further, every major administrative policy of the BPR had the support of AASHO.

As for "bureaucracy," the paper explained:

> That of every dollar of Federal money appropriated 97½ cents goes into the labor and materials of actual road construction, and the other 2½ cents not only pays the entire cost of the Federal-aid road administration, but also supports the research activities of the Bureau of Public Roads.

At the end of the third section, MacDonald and Fairbank brought the article to a quick conclusion:

> How successful the Federal administration has accomplished the aims which it has set for itself, and whether or not its stewardship has been efficient and effective: those questions we leave to others to judge

The Depression

Despite the feverish pace of the roadbuilders in the 1920s Golden Age, they could not keep up with the growth in traffic. Auto sales had reached 1.6 million units by 1921, but by 1929, the Nation's automobile manufacturers were selling 5.3 million units a year. Over 26.5 million vehicles were operating on the Nation's roads. Congestion in cities was growing. Crashes were increasing—fatalities nearly tripled from 10,723 in 1918 to 31,215 in 1929. They cost an estimated $1.3 billion in 1929.[120]

Road builders expected 1929 and the years beyond to be a period of booming growth. An editorial in the January 1929 issue of *Highway Engineer & Contractor* said:

> A very few years ago roadbuilders were begging the public to permit the construction of adequate highways; to-day the market has reversed, the public is bulling the roads market because of the rather general inadequacy of the roads to care for traffic . . . .
>
> The roadbuilding industry is in an exceedingly healthy condition . . . and can confidently be expected not merely to maintain the present volume of expenditure but to materially increase such expenditures. Highway building has not yet grown up to the motor vehicle industry and, unless the motor vehicle industry stagnates, must as Alice was told by the White Queen, “run as fast as it can just to stay in the same place.”

However, in October 1929, the stock market crashed, leading the economy into a rapid downward spiral as the stock losses rippled through the economy, bringing down banks, businesses, and faith in the future. Economic troubles had bubbled under the surface of the Roaring 20s, particularly in the agricultural sector, but the free-wheeling stock market built on a bubble of unsecured debt was

[120] *America’s Highways 1776-1976*, p. 114-115.

the trigger for the Depression that would be unlike anything—the "panics" of the past—the country had experienced. Gordon summarized the problem:

> World trade collapsed, corporate profits vanished, the incomes of the rich—the only people to feel the personal income tax in those days—steeply declined, and government revenues plunged.[121]

Calvin Coolidge had once told his energetic Secretary of Commerce, Herbert Hoover, that the Federal Government had no right to meddle in stock market matters. But Coolidge left office on March 4, 1929, leaving his successor, Hoover and his Vice President, former Senator Curtis of Kansas, to face the public's anxiety after the market collapsed and took the rest of the economy with it.

President Hoover was a mining engineer who became one of the most respected and beloved men in the world because of his work during and after World War I to relieve food shortages in Europe and the new Soviet Union. He had served as Secretary of Commerce under Presidents Harding and Coolidge.

Although President Hoover believed that a balanced Federal budget was essential for recovery, he viewed public works as a method of "pump priming" to create jobs for the millions of unemployed. The highway community was ready to help. The December 1929 issue of *Highway Engineer and Contractor* carried an editorial that had almost as positive a tone as the editorial at the start of the year:

> While road building goes on almost regardless of business depressions . . . the high price of money during the past year has had an unfavorable effect on the financing of highway improvements due to the slowness in the bond market . . . .
>
> Never were conditions more propitious for a tremendous volume of highway improvement. While road improvements should be in advance of demand created by motor vehicles, we have a condition of lack of facilities which can and must be corrected. Money can be obtained for public works, President Hoover is in favor of expansion in the public works program, and industry is "rarin' to go."

The editorial guessed incorrectly that the stock market would revive quickly ("we find conditions more favorable for a bull market in stocks than have ever existed"), but correctly stated the situation facing the road builders:

> Conditions are right for a big road building year.

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[121] Gordon, John Steele, "The Federal Debt," *American Heritage*, November 1995, p. 86.

The Depression triggered changes in the Federal-aid highway program and delayed consideration of the next stage for meeting traffic demands. However, a halt in road construction was not one of the changes, as Seely pointed out:

> About the only elements of American society that are usually acclaimed for having had a "golden age" in the 1930s are radio, cinema, and streamlined trains, but road building also continued to merit that description. The highway boom of the 1920s continued despite the Depression, as road builders faced a sharp drop in funds only during 1932 and 1933. By 1934 both state disbursements and highway user-fee receipts were above 1929 levels and continued to increase through the end of the decade. Almost no other area of the economy "recovered" so quickly.[122]

Public Works for Prosperity

On April 4, 1930, President Hoover approved legislation increasing Federal-aid highway funds to $125 million for FY 1931, a $50 million increase over 1930, with similar amounts for the next 2 years. The additional 1931 funds were made available to the States for immediate use; the 1932 funds were made available in September 1930 instead of December as in past years. However, with State legislatures out of session, many States could not provide the required 50-percent matching funds for the $175 million in increased Federal-aid highway funds. In response, Congress appropriated $80 million in advances the States could use for matching funds, to be repaid from authorizations in later years. President Hoover signed the Emergency Construction Act containing the advances on December 20, 1930.

Hoover had been willing to fund public works to create jobs even though the Federal Government could not afford the expenditures. This was several years before the economist John Maynard Keynes formalized this concept in *The General Theory of Employment, Interest, and Money*, which was published in 1936. Gordon called Hoover "perhaps the most economically sophisticated man ever to be president." During a cabinet meeting in May 1931, according to Secretary of State Henry Stimson, the President had compared the situation to wartime and indicated (in Stimson's words) that "in war times no one dreamed of balancing a budget. Fortunately we can borrow." [123]

"Unfortunately," as Gordon put it, "Hoover changed his mind in late 1931." Biographer Gene Smith described the situation:

> The United States government was spending two and a half million dollars a day more than it took in. If that continued, America, like any other bankrupt, would be unable to pay its bills. If bankruptcy came, it would bring what had happened to Germany: hideous inflation, wheelbarrows of dollars to pay for a loaf of break, meals doubling in price as the diner ate, the end of the middle classes, Bolshevism.

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[122] Seely, p. 88.
[123] Gordon, p. 325.

> Together, Hoover and [Secretary of the Treasury Ogden] Mills formulated the most brutal peacetime revenue bill the country had ever seen. The bill called for a rise in estate taxes from 23 percent to 45 percent, an increase in personal income taxes from 23 percent to 45 percent, a rise in corporation taxes, a sales tax, a drastic modification of capital gains advantages. With the unheard of taxes must come ruthless reductions in government expenditures: a cut in the pension paid to General [John J. "Black Jack"] Pershing [hero of World War I], a one-week vacation without pay each month for the majority of government employees, decreases in the salary of each member of the Cabinet, $12,000 instead of $15,000, and of the President, $60,000 instead of $75,000.[124]

The President's proposal faced a House of Representatives that had been controlled by the Democrats since the election of 1930, 220 to 214. The Republicans retained control, just barely, in the Senate. Nevertheless, the House passed a version of the Revenue Act on April 1, 1932. An oil tariff (1 cent per gallon of imported gasoline and fuel oil) had been included by amendment on March 27.

That same day, April 1, the President issued a brief statement on a different but related subject, car sales:

> The motor manufacturing companies have all launched their spring models. There is nothing that provides widespread employment more than automobile construction. Every person contemplating buying a new car this year can make a real contribution to employment by putting in his order now even though he does not take immediate delivery.[125]

As the Senate struggled with the revenue legislation, the President made his views clear in a letter, dated May 23, 1932, to Herbert S. Crocker, president of the American Society of Civil Engineers. In a May 19th letter to the President, Crocker had explained the society's commitment to a $3 billion public works program. The President acknowledged that similar proposals had been made "from other quarters and have been given serious consideration during the past few days." He explained that the back of the Depression "cannot be broken by any single Government undertaking" but required "the cooperation of business, banking, industry, and agriculture in conjunction with the government." As for public works, he said:

> The vice in that segment of the proposals made by your society and others for further expansion of "public works" is that they include public works of remote usefulness; they impose unbearable burdens upon the taxpayer; they unbalance the budget and demoralize Government credit.

He thought that "income-producing works," which he said were also called "self-liquidating works," would be more effective. As examples, he said, "I mean such projects of states, counties and other sub-divisions which charge for their service and whose earning capacity provides a return

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[124] Smith, Gene, *The Shattered Dream*, William Morrow and Company, 1970, p. 99.
[125] "Statement on New Car Sales," *Papers of the Presidents of the United States*, Herbert Hoover, January 1 to December 31, 1932, Government Printing Office, 1976, p. 131.

upon the investment." For that reason, he had proposed creation of a Reconstruction Finance Corporation (RFC) to furnish credits that would help reestablish the normal commercial operations of the economy. He illustrated the difference by comparing an RFC loan of $27 million to the Pennsylvania Railroad Company to electrify some of its lines with a House bill that would appropriate $132 million for highways. The loan, which would be repaid with interest, was secured "on sound securities" and, combined with other revenue the railroad secured, would generate 28,000 jobs:

> On the other hand the proposal of the House of Representatives is to spend $132,000,000 for subsidies to the states for construction of highways. This would be a direct charge on the taxpayer. The total number of men to be directly employed is estimated at 35,000 and indirectly 20,000 more. In other words, by this action we would give employment to only 55,000 men at the expense by the Government of $132,000,000, which will never be recovered.

Since the budget was in deficit, funds for the highway work would have to be financed by increased taxes or bonds. "Whatever the method employed, they are inescapably a burden upon the taxpayer [and] will upset all possibility of balancing the budget."

He acknowledged that he had previously operated on a different concept:

> I have for many years advocated the speeding up of public works in times of depression as an aid to business and unemployment. That has been done upon a huge scale and is proceeding at as great a pace as fiscal stability will warrant. All branches of government—Federal, state and municipal—have greatly expanded their "public works" and have now reached a stage where they have anticipated the need for many such works for a long time to come. Therefore, the new projects which might be undertaken are of even more remote usefulness . . . . They represent building of a community beyond its necessities. We cannot thus squander ourselves into prosperity.

Further, future public works programs would be confronted in Congress by "a log-rolling process" that he said "will include dredging of mud creeks, building of unwarranted post-offices, unprofitable irrigation projects, duplicate highways and a score of other unjustifiable activities." Moreover, the employment on public works was "largely transitory." He favored "normal jobs under normal conditions at the normal place of abode" as a way of reestablishing "normal processes in business and industry."[126]

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[126] Hoover, Herbert, "Letter to the President of the American Society of Civil Engineers on the Economic Recovery Program," *Public Papers of the Presidents of the United States*, Government Printing Office, 1977, May 21, 1932, p. 227.

As reflected in an editorial in *Better Roads*, the highway community objected to what it considered the President's "misleading and evasive" answer to the society:

> Clearly, Mr. Hoover has been closeted with the bogey-men again and their warnings about "economy" and "impairing national credit" are still ringing in his ears.

Taking exception to most aspects of the letter, the editorial said that the "most irritating of the objections are those which controvert known facts." The idea that public works had been overbuilt "is too ridiculous to call for a reply." The idea that the Federal Government had undertaken construction on as large a scale as possible prompted the observation that "the huge federal construction outlays probably seem huge to no one but Mr. Hoover." The idea that public works do not increase employment substantially was refuted by statistics from the President's own BPR as well as AASHO and many State and county highway departments.

Finally, the editorial criticized "the wholly mythical distinction between the returns on an investment in, for example, Mr. Hoover's 'self-liquidating' toll bridges and the returns paid by highways." While pointing out that State and county governments had repaid millions of dollars in bonds through gasoline taxes and other means, the editorial pointed out that many of the "self-liquidating" enterprises were of a "speculative nature." As for highway construction, the editorial stated:

> Even if the government never received a cent in payment on its highway loans, the money might be counted well spent by virtue of the very real and practical returns to the communities of the nation and to industry as well.

The editorial concluded that the President's "whole economic philosophy" was based on the belief "that a solution can be pulled out of a tall hat." Instead, the editorial said, "Let us abandon this belief in magic and pin our faith to recovery through constructive activity."[127]

The President reiterated his concerns a few days later in a May 27 statement on the proposed Emergency Relief and Construction legislation developed in the House of Representatives. Although it contained some proposals from the Administration, it also proposed $900 million for public works:

> A total of over 3,500 projects of various kinds are proposed in this bill, scattered into every quarter of the United States. Many of these projects have heretofore been discredited by Congress because of useless extravagance involved . . . . This is not unemployment relief. It is the most gigantic pork barrel ever proposed to the American Congress. It is an unexampled raid on the Public Treasury.
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> Detailed lists of all these projects have been broadcast to every part of the country during the past 24 hours, to the cities, towns, villages and sections who would receive a portion of

[127] "Public Works and the President," *Better Roads*, June 1932, p. 5.

> this pork barrel. It is apparently expected that the cupidity of these towns and sections will demand that their Congressmen and Senators vote this bill or threaten to penalize them if they fail to join in this squandering of money.

He did not believe the people were so lacking in intelligence:

> Our Nation was not founded on the pork barrel, and it has not become great by political logrolling.

He hoped that Members of Congress who opposed the bill would receive "the definite support of the people in their districts in resisting it."[128]

With the Senate still unable to complete work on a revenue bill, the President surprised observers by appearing before the Senate at noon on May 31 to discuss the urgent need for the bill. He told the Senators that people "know from bitter experience that the course of unbalanced budgets is the road of ruin." He understood the complexities facing the Senators, but was convinced that they had three major duties in completing their work on the bill, namely drastic reduction of expenditures, passage of adequate revenue legislation, and passage of adequate relief legislation to aid in employment. Regarding the latter, he favored increased RFC loans rather than a "wasteful expansion of public works." With his support, the government had expended over $1.5 billion on public works, with over $550 million in the budget for the next year. "We have already forced every project which we have justification [for] with any regard to the taxpayer and the avoidance of sheer waste."

He concluded:

> In your hands at this moment is the answer to the question whether democracy has the capacity to act speedily enough to save itself in emergency. The Nation urgently needs unity. It needs solidarity before the world in demonstrating that America has the courage to look its difficulties in the face and the capacity and resolution to meet them.[129]

Shortly after midnight, the Senate completed work on its bill, which included $1.115 billion in new tax revenue. The bill included a 1-cent per gallon excise tax on gasoline sales, not just on imported fuel. This tax had emerged in the hours before the President's speech when Secretary Mills was working with the Senate Finance Committee to adjust the Senate bill to meet Administration revenue targets. At a 10 am meeting, the committee approved a proposal to restore the 1922 income tax rates and went on the Senate floor to secure a vote on the change. After the Senate approved the amendment, the Secretary recommended the committee adopt a general manufacturers' sales tax. Learning that the committee had already rejected the idea, he suggested a 1-cent per gallon gasoline tax, to be paid at the refinery, and readjustment of the amusement tax.

The committee adjourned to hear the President's speech, then defeated the sales tax but adopted the gasoline tax, which was expected to raise $150 million. The Senate adopted the gasoline tax

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[128] "Statement on Emergency Relief and Construction Legislation," *Public Papers*, May 27, 1932, p. 239.
[129] "Address to the Senate on the National Economy," *Public Papers*, May 31, 1932, p. 243.

without a recorded vote. Senator J. W. Elmer Thomas, a Democrat from the oil State of Oklahoma, offered an alternative to the gasoline tax. His proposal that the RFC sell $150 million in debentures and repay the cash into the general treasury was defeated 80 to 8.[130]

Conferees meeting to resolve differences between the House and Senate bills reached agreement on June 2. The House approved the Revenue Act on June 4 in what *The New York Times* characterized as a "stormy session." Despite objections to elements of the bill, including the gas tax, the bill was adopted without a recorded vote. The Senate approved the bill on June 6 by a vote of 46 to 35. As the vote was completed, Speaker of the House John Nance Garner (D-Tx.) signed the officially engrossed copy of the bill that had been placed on his desk. He sent it to Vice President Curtis, who signed it in the presence of the Senate and gave the bill to a messenger for delivery to the President.

President Hoover signed the bill, without ceremony, an hour and a half after the Senate approved it.[131] He issued a brief statement:

> The willingness of our people to accept this added burden in these times in order impregnably to establish the credit of the Federal Government is a great tribute to their wisdom and courage. While many of the taxes are not as I desired, the bill will effect the major purpose of assurance to the country and the world of the determination of the American people to maintain their finances and their currency on a sound basis.[132]

The Revenue Act of 1932 enacted dozens of taxes, including those mentioned and taxes on such consumer products as admissions to any place by ticket or subscription; auto bodies, tires and inner tubes; cameras, candy, chewing gum, furs, soft drinks, and sporting goods; firearms, shells, and cartridges; coal, coke, and copper ore; telegraph, telephone, cable, and radio dispatches; and checks, electrical energy, jewelry, matches, refrigerators, stamps, and toiletries.

Although the President said the Revenue Act had put the Nation's finances on "a sound basis," Congress was still working on the relief bill. The Senate Banking and Currency Committee was considering a bill introduced by Senator Robert F. Wagner (D-NY.) that provided $500 million for public works as well as $1 billion for self-liquidating construction and $300 million for relief loans to States. In the House, Speaker Garner had introduced a bill that included $100 million the President could disburse to individuals as gifts or loans; broadened powers for the RFC to make loans to individuals or corporations; and $1.1 billion for public works, including post office construction, flood control, and road building.

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[130] "Senate Passes $1,115,000,000 Tax Bill; Balances Budget After Hoover Plea; $238,000,000 Economy Measure Reported," *The New York Times*, June 1, 1932.
[131] "President Signs $1,118,500,000 Tax Bill; Sees Finances Now on a 'Sound Basis'; Dawes Quits the Reconstruction Board," *The New York Times*, June 7, 1932.
[132] "Statement on Signing the Revenue Act of 1932," *Public Papers*, July 17, 1932, p. 253.

On the same day conferees agreed on the Revenue Act language, Secretary Mills denounced the Garner Bill. "It is difficult," the Secretary told the House Ways and Means Committee, "to find words to characterize this proposal." He continued:

> After a great effort to bring our budget into balance by drastic economies and by imposing on the people of the United States the most severe taxation ever imposed in peace time for the all-important purpose of preserving unimpaired the credit of the United States Government, and thus laying a foundation for economic recovery, this bill would undo all our efforts, unbalance the budget on a huge scale, impair the credit of the United States Government, destroy the confidence of the people in their government and indefinitely postpone all hope of early recovery.

He denounced the public works portion of the bill as "fifty-one pages of solid print, enumerating the cities, villages and hamlets in which it is proposed to erect public buildings." Now, he asked, "do you understand why impartial critics call this a 'pork barrel' rather than an unemployment relief bill?"[133]

The bill also contained a highway provision that drew no objections from the White House. With the fiscally strapped States unable to match the 50-50 Federal-aid highway funds, the Act appropriated $120 million in advances to the States for matching purposes. The funds had to be used to obligate projects before July 1, 1933. Consistent with the President's demand that public works expenditures be self-liquidating, the bill provided for the advances to be repaid by deductions from regular Federal-aid highway fund apportionments over 10 years.

At Secretary Mills' request, the Senate committee considered the Administration bill authorizing the RFC to lend $1.5 billion for self-liquidating construction projects, such as toll bridges, and make loans to aid in the marketing of staple commodities, among other provisions. It omitted bond issues for public works, as proposed by the Garner Bill.

On June 7, the House passed the Garner Bill by a vote of 216 to 182. Before doing so, the House voted 218 to 183 to reject a version of bill that coincided with the Administration proposal. The following day, the Senate Banking and Current Committee rejected President Hoover's bill, and forwarded the Wagner Bill to the Senate for a vote. Following Senate approval of the Wagner Bill, House-Senate conferees quickly developed a single bill that retained the features that had drawn veto threats from the Administration. Congress completed work on the bill with the understanding that the President would issue a veto immediately.

On July 11, Speaker Garner and Vice President Curtis signed the bill shortly after noon and dispatched it by messenger to the White House. As soon as the bill reached the White House, a messenger left with a veto message, which had been drafted the day before. The President explained that he approved the portion of the bill that provided RFC loans totaling $300 million for immediate unemployment relief work, to be made available to the States on the basis of need. He

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[133] "Public Works Loan Assailed by Mills," *The New York Times*, June 3, 1932.

objected to the $322 million in public works funding, referring to "the extreme undesirability of increasing expenditure on non-productive public works beyond the $500,000,000 of construction already in the budget." However, he said he was "not prepared to withhold my assent to the bill provided there is a proper provision that . . . these works should not be initiated except on certificate of the Secretary of the Treasury that the moneys necessary for such expenditures are available or can be obtained without interference with current financing operations of the government." He accepted the $120 million in advances to the States for use in matching Federal-aid highway funds, since they were self-liquidating in that they would be repaid from future apportionments over a 10-year period.

What prompted his veto was the extension of RFC authority to make $1.5 million in loans to individuals, trusts, estates, partnerships, corporations, associations, joint stock companies, States, political subdivisions of States, municipalities, or their political subdivisions. The President said:

> This proposal violates every sound principle of public finance and of government. Never before has so dangerous a suggestion been seriously made to our country. Never before has so much power for evil been placed at the unlimited discretion of seven individuals.[134]

The individuals were the commissioners of the RFC.

At 1.12 p.m., the Reading Clerk of the House began reading the message. *The New York Times* described the scene:

> The reading of the message in the House took considerable time, but a large part of the membership remained to hear all of it, which is unusual. One of the few members who did not remain was Speaker Garner, who relinquished the gavel to Representative [Clifton A.] Woodrum [D] of Virginia and retired to the cloak room.
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> Riotous applause came from the Republican side as the reading ended.

When it was announced that the message did not mean the relief bill was dead, and that a bill that could become law would soon be completed, "Applause from both Democrats and Republicans greeted this announcement, substantiating forecasts that Speaker Garner would submit to a compromise."[135]

With the expected veto out of the way, Congress quickly revised the bill by eliminating the element of the Garner loan program that allowed RFC loans to individuals or private industries. For parliamentary reasons, the Senate adopted the revised bill as a substitute for a $136 million road and trails bill approved by the House that reflected the self-liquidating provision for matching loans in the vetoed bill so the new relief bill could go to conference immediately. The House of Representatives took the more complicated path of voting to substitute its version of the relief bill for the Senate version of the road bill that was now the relief act.

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[134] "Veto of the Emergency Relief and Construction Bill," *Public Papers*, July 11, 1932, p. 305.
[135] "Relief Bill Vetoed in Sharp Message; Compromise Ready," *The New York Times*, July 12, 1932.

Conferees completed work on July 13. The House and Senate approved the bill, which was ready for the President's approval on July 16. He delayed action on the bill to give the RFC time to prepare for the expected influx of applications for loans, but issued a statement on July 17 indicating he would sign the bill. He said that he was pleased the "obnoxious features which had been injected into the legislation" by the House of Representatives had been eliminated. He summarized them:

> The $100,000,000 charity feature has been abandoned. The pork barrel infection that the loans to the States for relief of distress should be based upon population instead of need has been eliminated, and also the sum of $1,300,000,000 non-productive public works ultimately payable by the taxpayer has been reduced to $322,000,000, of which about $120,000,000 are advances to the States for highways, and most of the balance is not to be expended if the necessities of the Federal Treasury prevent it.

He concluded the brief statement by noting that while he objected to some features of the bill, "It is a strong step toward recovery."[136]

Finally, President Hoover signed the Emergency Relief and Construction Act, on July 21, 1932, without ceremony or public comment.

In addition to the advances to the State highway agencies to help with their 50-percent matching share, the legislation contained several provisions to increase the number of workers employed on road projects:

- Prohibited the use of convict labor on Federal-aid projects;
- Restricted the work week to 30 hours;
- Gave hiring preference to ex-servicemen with dependents; and
- Required all contracts to establish minimum wage rates, to be predetermined by the State highway department, that contractors were to pay to skilled and unskilled labor.[137]

Despite these and other efforts, the public blamed Hoover for the country's continuing economic problems. It did not help that while working on his bold legislative initiatives to cut expenditures, increase taxes, and reduce the deficit, he also faced a crisis in Washington that resulted from the Bonus Bill for World War I veterans that had surfaced while Congress considered the Federal Highway Act of 1921. Congress had tabled the measure in 1921 following an appeal by President Harding, but passed the bill in 1922. The President vetoed the bill on September 19, 1922, and Congress sustained the veto although the vote to override was close. The World War Adjusted Compensation Act of 1924, known as the Bonus Act, became law on May 19, 1924, after Congress overrode President Coolidge's veto. The main feature of the bill was that all veterans who served

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[136] "Statement About Signing the Emergency Relief and Construction Act of 1932," *Public Papers*, July 17, 1932, p. 322.
[137] *America's Highways 1776-1976*, p. 123-125.

more than 50 days were given a 20-year endowment life insurance certificate, with the principal payable in 1945.

In 1931, under pressure from hard-hit veterans, Congress had approved, over the President's veto, a law granting half the bonus as loans carrying interest payments that reduced the payout. Representative Wright Patman (D-Tx.), a World War I veteran, introduced a bill in 1932 calling for immediate payment of the bonus in cash. Thousands of veterans descended on Washington by road and rail to demand immediate payment of the bonus. The "Bonus Expeditionary Force" camped in parks, along Pennsylvania Avenue between the White House and the Capitol and in a makeshift "Hooverville" along the Anacostia River.

On July 21, the same day the President signed the Emergency Relief and Construction Act, Superintendent of Police Pelham D. Glassford announced that the city's Board of Commissioners had ordered him to evict the marchers by August 4. At the request of Secretary of War Patrick Hurley, the commissioners also ordered Glassford to evict marchers who had camped on sites being demolished for new Federal buildings along Pennsylvania Avenue. When Glassford attempted to carry out the order at the construction sites, a fight broke out that resulted in the death of two veterans.

With this battle as justification and convinced that Communists were directing the marchers, the President ordered Secretary Hurley to remove the Bonus Expeditionary Force from the city. The Army Chief of Staff, Major General Douglas MacArthur, was given the assignment. He implemented it on July 28, 1932, determined to lead the troops himself. His aide, Major Dwight D. Eisenhower, tried to convince General MacArthur that the task was beneath the dignity of an Army Chief of Staff. MacArthur, however, considered the Bonus Expeditionary Force a serious test of the government's strength, and it must not fail. He directed Major Eisenhower to return to his home near Dupont Circle and change into full uniform for the coming battle.

MacArthur, with Eisenhower reluctantly at his side, directed a force that evicted the marchers from the downtown site, then chased them across the 11th Street Bridge to the Anacostia Flats. He gave the inhabitants of the shanty and tent Hooverville an hour to leave, then sent his troops to complete the job. The camp was soon on fire. Reporter Bess Furman described the fire as "a blaze so big that it lighted the whole sky . . . a nightmare come to life."

Governor Franklin Delano Roosevelt of New York, the former Assistant Secretary of the Navy who had once been on the Democratic ticket that lost to Senator Warren G. Harding, read about the battle in *The New York Times* on July 29. He had secured the Democratic Party's nomination to run against Hoover for the presidency. He asked an aide, "Why didn't Hoover offer the men coffee and sandwiches, instead of turning Doug MacArthur loose? They're probably camping on the roads leading out of Washington. They must be in terrible shape."

With the images of July 28 in the public's mind, Governor Roosevelt was confident of victory in November. His instinct proved correct. The expulsion of the Bonus Expeditionary Force would haunt Hoover throughout the campaign. Convinced that he had dealt properly with the mob, he was shocked and bewildered by the angry reaction of some of the crowds he addressed.

On November 8, 1932, Governor Roosevelt defeated President Hoover by more than 7 million votes, winning 42 States and 472 electoral votes, compared with 59 electoral votes for the President. The new Vice President would be former Speaker Garner.[138]

The new President would take office on March 4, 1933, the last time such a long interregnum would occur between the election and Inauguration Day. Beginning with Inauguration Day, 1937, Presidents would take the oath of office on January 20. In this case, during the delay of nearly 5 months, the economy continued to deteriorate. The worldwide Depression was too deep for these initial efforts to revive the economy. Gordon summarized the situation:

> The government deficit in 1932, despite Hoover's tax increases, was $2.7 billion. Revenues had been a mere $1.9 billion. It was the worst peacetime deficit in the nation's history. Gross national product that year was $58 billion, a mere 56 percent of what it had been three years earlier. Unemployment stood at an entirely unprecedented 23.6 percent . . . . Another 1,453 banks had failed, bringing the depression total to a staggering 5,096 . . . . The Dow-Jones Industrial Average fell as low as 41.22, down 90 percent from its high of three years earlier and less than a point above where it had stood the first day it had been calculated in 1896.[139]

On December 5, 1932, President Hoover signed his final budget message to Congress, released December 7. It presented his proposed budget for FY 1934. Among his recommendations was continuation of the Federal tax on gasoline, which was to expire on June 30, 1933. Public works, he said, were underway "well in advance of the country's immediate need by virtue of the vast appropriations made for this purpose as a means of increasing employment." He encouraged authorization of "large programs of self-liquidation works" through the RFC. For the Federal-aid highway program, the budget recommended an appropriation of $40 million, the amount needed to meet current demands under the program. He added:

> I earnestly recommend to the Congress that there be no further grant of legislative authority for appropriation for Federal-aid highways until the financial condition of the Treasury justifies such action.

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[138] Dickson, Paul, and Allen, Thomas B., *The Bonus Army: An American Epic*, Walker and Company, 2005. Although President Roosevelt would veto several Bonus Bills, Congress finally overrode his most recent veto on January 27, 1936. The final bill called for the issuance of bonds that could be redeemed immediately or held at 3-percent interest until 1945. The events surrounding the Bonus Expeditionary Force were among the forces that led to the landmark G.I. Bill, approved by President Roosevelt on June 22, 1944.

[139] Gordon, p. 328.

He noted the increased authorizations, from $75 million to $125 million beginning with FY 1931 and the advances to the States provided by emergency legislation, totaling $200 million. Although he recognized the advances were to be repaid by reductions from Federal-aid, he said:

> I do not, however, view this as a commitment which of itself necessitates further authorization for Federal appropriations until such time as the financial condition of the Treasury justifies such action.[140]

As is usually the case with a change of Administration, President Hoover's final budget recommendations would be ignored by the incoming President.

[140] "Annual Budget Message to the Congress, Fiscal Year 1934," *Public Papers*, December 5, 1934 (released December 7), p. 855.

PART THREE
To Control The Levers

President Roosevelt Applies the Brakes

During the 1932 campaign, Franklin D. Roosevelt made balancing the budget a part of his campaign. After taking office on March 4, 1933, he abandoned the concept and embraced public works, including road building, as one element of a strong Federal attack on the Depression.

On March 21, 1933, the President halted the letting of Federal construction contracts while his Administration decided on a broad pump-priming program. Secretary of Agriculture Henry A. Wallace implemented the order the same day for the Federal-aid highway program, but was concerned about the impact. He wrote to the President on May 2:

> In accordance with these instructions I am holding $17,093,898 which is the total of all balances of previous appropriations allotted to the States for highway improvement. This stop order suspended my approval of a considerable number of contracts for which bids had been received by the States, and which have been held without further action.
>
> At the time the order was issued, March 21, the Department had approved plans and specifications for more than 400 miles of roads and bridges for immediate construction. This situation has caused considerable embarrassment, and has prevented employment which would be offered by these projects.

Citing the Forest Relief Act of March 31, Wallace said the law "appears definitely to provide for the use of the balances now held" and he asked permission to release funds that would be used for construction within a 90-day period.

President Roosevelt replied on May 15 that, "In view of the expected early announcement of a complete program for public works, I think it would be unwise to release the balance to which you refer."[141]

The result was the National Industrial Recovery Act of June 16, 1933. Of the more than $3 billion for public works, the Act authorized $400 million in grants to the States for road construction. The States, which the Depression had drained of tax revenue, were not required to match the funds, which could be used on urban streets that were extensions of the Federal-aid highway system to and through municipalities. This was the first time funding available through the BPR could be used in cities, and on "secondary and feeder roads" off the Federal-aid system. As with the earlier emergency legislation, workers were limited to 30 hours a week and were to be paid "just and

[141] Franklin Delano Roosevelt (FDR) Library, OF 1e, Box 11. Joyce N. Ritter, an FHWA writer-editor, located this and other referenced documents during a visit to the FDR Library in May 1986. She was assisting W. Lee Mertz, whose monographs on the Interstate System can be found elsewhere on this site. Ms. Ritter is retired from the FHWA.

reasonable" wages. Convict labor was prohibited. In addition, human labor, instead of machinery, was to be used "wherever consistent with sound economic and public advantage."

In a section titled "Reemployment and Relief Taxes," the National Industrial Recovery Act increased the tax on gasoline to 1.5 cents a gallon. The revenue was included in the general treasury without a link to road improvement. (The increase would be rescinded by the Revenue Act of 1934, with the tax per gallon returning to 1 cent.)[142]

Although the new program contained some elements of the Federal-aid highway program (e.g., the reliance on State highway agencies), it differed in that it was focused more on job creation than transportation goals.

Some years later, Senator Carl T. Hayden (D-Az.), Chairman of the House Subcommittee on Roads, would recall the origins of the highway funding in the National Industrial Recovery Act:

> In 1933, at the beginning of the present administration, when the relief bill, carrying $3,300,000,000, was in preparation, I went to see the President, and suggested to him that the quickest way to put men to work was to allocate money by the usual method to the States, and let the State highway departments construct and improve the highways. The President stated that he had delegated the formation of relief legislation to four members of his Cabinet, and suggested that I confer with them and then come to see him.
>
> I went first to see George Dern, the then Secretary of War, who had been Governor of Utah. He said that the idea was perfectly sound. He knew what good work the highway departments could do, and that they could put men to work quickly.[143]
>
> I next went to see the Secretary of Agriculture, Mr. Wallace, who is now the Vice President. He said that he was new in office, but he knew that his father, as Secretary of Agriculture, had always spoken highly of the Bureau of Public Roads, and he approved of the idea.[144]
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> I next called on the Secretary of Labor [Frances C. Perkins].[145] It was her opinion that the location of unemployment would not conform to the apportionment of money among the

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142 Sweet, James Stouder, *The Federal Gasoline Tax at a Glance: A History*, Bybee House, 1993, p. 5-6.

143 George Dern had been Governor of Utah from 1925 to 1932, when he left to join the incoming Roosevelt Administration. He served as Secretary of War from 1933 until his death on August 24, 1936.

144 Henry C. Wallace took office as Secretary of Agriculture at the start of the Harding Administration and served until his death in 1924. His son, Henry A. Wallace, became Secretary of Agriculture at the start of the Roosevelt Administration. He became Vice President on January 20, 1941. However, Democratic politicians considered him too liberal, too intellectual, and too controversial. As a result, the Democratic Party chose the less well known Senator Harry S. Truman of Missouri to be President Roosevelt's Vice Presidential candidate in 1944. McCullough, David, *Truman*, Simon and Schuster, 1992, p. 294.

145 Frances C. Perkins served as Secretary of Labor from the start of the Roosevelt Administration in 1933 to 1945, the first woman to serve in the Cabinet. In 1945, President Harry S. Truman appointed her to the U.S. Civil Service Commission, where she served until the end of the Truman Administration in 1953.

States the way it is provided by law—that is, according to the area of the State, the population of the State, and the mileage of post roads.

I said, "Madam Secretary, I am sure that you do not understand the situation throughout the Nation. When unemployment is mentioned to you, I imagine that you think of a queue of people on a sidewalk in New York City going into some soup kitchen; but I assure you that out in the small towns and in the country there are as many heartaches and there is as much distress as there is in the great cities. I do not propose to use all the relief money in this way, but if a portion of it is used for highways, people will be put to work in 3,000 counties."

The fourth member of the President's Cabinet to have this subject in charge was the Secretary of the Interior. I went to see Mr. [Harold] Ickes. He and Madam Perkins had the same idea. He came from Chicago, and he thought the unemployment was in the great cities, and therefore that every proposed highway project should be brought to Washington for approval.

I said to him, "Mr. Secretary, you are new and without political experience. If it becomes known in Arizona that a man named Ickes has money in Washington to improve the road between Tucson and Phoenix, and the people there ask me to get some money for that road, I am coming to see you." He said, "Well, there are other men in Congress who are willing to handle the matter in that way." He said, "Senator Shipstead called to see me not long ago. He is perfectly willing to take a chance on deepening the channel of the Mississippi river up to St. Paul and Minneapolis." I said, "Yes; the Senator will take a chance on getting here before I do, and finally you will have 96 Senators and 435 Representatives on your neck, whereas if this matter is handled in the normal way, and the money is apportioned among the States, so that the work can be decentralized, you will not be bothered with it at all . . . .

[After] calling on the four members of the Cabinet, as requested by the President, I returned and reported to him that the two members of his Cabinet who understood the situation, Secretary Dern and Secretary Wallace, approved earmarking some of the funds in the $3,300,000,000 relief bill and apportioning the money among the States for highway work; that two members who were without political experience objected and wanted to create a great bureaucracy in Washington, which would compel the sponsor of every road project to come to Washington to secure its approval. The President promptly indicated that he did not want to do that; that he did not want to create a bureaucracy of that kind here in Washington. He then mentioned his experience as Governor of New York the relationship the State had with the Bureau of Public Roads in Washington, and told me he thought my proposal was perfectly sound [sic]. That was when he was fresh from the governorship. That was when he still had the State's point of view. That was before the bureaucrats in Washington had had time to influence his thinking . . . .

The President said to me that he would approve the plan and asked how much money would be necessary. I said I had communicated with all the States of the union and asked them how much money they could profitably expend on highways in 1 year, if they had all the money they needed. The total was $400,000,000. The President said that he believed that to be too much money and that the State highway departments could not expend so large a sum in 1 year. I said, “If they cannot spend it in 1 year, they can profitably use it in 2, and the depression will not be over in a year or in 2 years.” He told me to see Senator Wagner, who had charge of the relief bill in the Senate, and to earmark some of the money for highways. I saw Senator Wagner, and he told me to write my own ticket. The result was that the only item in the whole relief bill that was earmarked was $400,000,000 for highway construction, to be apportioned among the States and to be spent by the States without matching.

When I had drafted my amendment, I called John R. McCarl, the Comptroller General, and said, “I want two of your best lawyers to come and see what I have written.” They came, and I told them, “I have written here a provision which makes available to the States, under standard Federal-aid apportionment, $400,000,000. I want to know if I have drawn it so that when Franklin Roosevelt signs his name once [sic] that money will be allocated for that purpose, and can be used for no other purpose.” They assured me that that was exactly what would happen.

In the spring of the second year, when not all of the money had been spent, as the President had anticipated, I received a call from Marvin McIntyre at the White House, and was told that the President would like to have me meet with Daniel Bell, the Director of the Budget; with Aubrey Williams, of the Works Progress Administration; and with some other gentlemen. They came to the Capitol and we met in the room of the Committee on Appropriations. They said, “Harry Hopkins is running out of money. The sums allocated to him by the President are insufficient.”[146] They told me that there was one hundred and twenty million of the four hundred million for highway construction which had not been expended, and asked that I consent to the use of the money by the Works Progress Administration for a time, and then later have it returned.

I said, “This road money cannot be transferred except by act of Congress. So far as I am concerned Mr. Hopkins will not get one red cent of it, because the money had been allocated to the States. The States have made their plans, and within the year they will need all of it. If Mr. Hopkins wants money, let him come to the Appropriations Committee and make his case, and he will get it.

From that time on the bureaucrats in Washington have not been enthusiastic about this method of apportioning money among the States.[147]

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[146] Harry L. Hopkins, a close advisor to the President, was Chief Officer of the Federal Emergency Relief Administration and served as director of the Civil Works Administration, 1933-1934, the Federal Surplus Relief Administration and the Works Progress Administration, 1935-1938.

[147] *Congressional Record*, August 6, 1941, p.

Secretary Wallace apportioned the funds to the States on June 23, with regulations on use of the funding issued the same day. On August 5, work began in Utah on the first project funded under the National Industrial Recovery Act and, as the BPR's annual report for FY 1934 put it, "thereafter the beginning of work followed rapidly in all States." Work was completed on 6,986 miles of road by June 30, 1934, with work underway on another 22,378 miles. Completed projects totaled $79.9 million, while projects under construction or approved for construction totaled $399.5 million (including funds from the National Industrial Recovery Act, Federal-aid, and other relief measures.)[148]

A Renewed Federal-Aid Charter

Many individuals and organizations used the need for jobs to promote their own concepts of needed transportation projects. On January 22, 1934, Chief MacDonald told ARBA members during their annual meeting in Chicago, that officials in Washington had received "a constant flow of suggestions" that the best way to create jobs "is for the Federal Government to undertake the building of a great highway from coast to coast." MacDonald rejected the idea that such a project was needed for transportation reasons or would take up all surplus labor. Such proposals overlooked "the dimensions of the cumulative series of unemployment problems with which the country has been confronted" as well as the extent of Federal efforts to overcome it.

To illustrate the scope of the effort, MacDonald said:

> During a period of less than six months, from July to January, under the Federal Public Works appropriation, construction has been actually undertaken on a road mileage sufficient to build six transcontinental lines. For those who desire a wide highway from coast to coast, construction would now be under way to provide a surfacing upwards of 110 feet wide on a road bed about 200 feet wide, over a right of way 400 feet wide.

Others recommended a highway from Laredo, Texas, to South America. MacDonald said:

> The highway work which has been undertaken for the major purpose of relieving unemployment in the past six months . . . would be equal to six highways from the United States border to the Panama Canal. This mileage would extend a road from the United States through Mexico, Central America and connect all the capitals of South America.

In fact, he said, the mileage was equal to a highway around the world, "although I do not assert there will be sufficient bridges included to span the oceans."

Although such a highway or network of transcontinental or intercontinental highways may be desired, MacDonald pointed out that the money was being distributed widely "to reach into nearly

[148] MacDonald, Thomas H., Report of the Chief of the Bureau of Public Roads, 1934, September 1, 1934, p. 21-22.

every county of every State." With the work extending to secondary or farm roads and municipal streets, the work is taking place where it was "needed to reduce unemployment."

On June 18, 1934, President Roosevelt approved the Hayden-Cartwright Act of 1934—named after Senator Hayden and Representative Wilburn Cartwright (D-Ok.), Chairman of the Committee on Roads. The Act authorized $200 million under the National Industrial Recovery Act for emergency construction of highways without a matching requirement. It also converted the loans authorized by the earlier emergency legislation to grants, so the States would not have to repay them.

At the same time, the Hayden-Cartwright Act revived the Federal-aid highway program by resuming the practice of authorizing Federal-aid highway funds for 2 years, in this case at $125 million annually for FY's 1936 and 1937. Because of a continuing desire to promote job creation, the Act required that the funds must be placed under agreement for projects within 1 year after the close of the fiscal year, not 2 as in the past. The Act also restored the Federal-State matching requirement at 50-50, abolished the limit on expenditures per mile, and continued the practice of funding urban extensions of the Federal-aid system and secondary farm-to-market roads.

At the same time, Section 11 stated that up to 1½ percent of the amount apportioned to each State annual "may be used for surveys, plans, and engineering investigations of projects for future construction in such State . . . ." The provision marked the start of formal highway planning, although the word "planning" was not used; for Republicans, "planning" had come to represent everything they hated about the Roosevelt Administration, so the word, if not the intent, was left out of Section 11.

In addition, the Act provided that after June 30, 1935, any State that diverts gasoline tax revenue to purposes other than highway improvement would be subject to the loss of one-third of its Federal-aid funds. The "diversion" provision did not apply to the Federal Government.[149] Further, each State could use 1½ percent of its apportioned funds for surveys, plans, and engineering investigations. This provision would be the source of funding for statewide highway usage surveys that began in the mid-1930s and provided a comprehensive statistical look at traffic throughout the country.

In signing the legislation, the President said:

> As long as the roads of the nation are used by more than 24,000,000 automobiles and trucks, construction and improvement of roads will be of major importance. The Hayden-Cartwright Act seeks to stabilize highway building with Federal and State funds by insuring a work program for the next three years of far reaching proportions and benefits.

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[149] Only two States lost funding as a result of this provision. On August 7, 1937, the BPR withheld $250,000 from the apportionment to New Jersey for FY 1937. On June 2, 1938, the BPR withheld $472,862 from Massachusetts for FY 1938. (MacDonald, Thomas H., Report of the Chief of the Bureau of Public Roads, 1939, September 1, 1939, p. 8.)

With contracts underway for more than 90 percent of the emergency highway work authorized by the National Industrial Recovery Act, President Roosevelt described the new bill as transitional:

> [The] new program is necessary to sustain highway employment on an adequate and reasonable scale for the remaining period of recovery. The act also provides for a gradual tapering off of emergency highway expenditures and lays the foundation for a return to normal expenditures.

Even so, Congress would make additional emergency funds available the following year. The Emergency Relief Appropriations Act of April 8, 1935, provided $200 million for highways and $200 million for eliminating hazards at rail-highway grade crossings. *America's Highways 1776-1976* explained:

> These grants, with the National Industrial Recovery Act grants, pumped a billion dollars into highway construction between 1933 and 1938—enough to assure the continuation of highway building at boom levels. Altogether, the emergency funds financed over 54,000 miles of road improvements on the Federal-aid system, urban extensions and secondary feeder roads, plus the elimination of nearly 3,000 railroad grade crossings.
>
> Of equal or greater importance in the reckoning of the Administration, the emergency program provided the equivalent of 162,000 full-time jobs per year at the job site during the depths of the Depression. Indirect employment generated by the program was well over 480,000 full-time jobs.[150]

The Hayden-Cartwright Act of 1936, which the President approved on June 16, authorized $125 million a year for primary roads in FY's 1938 and 1939, $25 million a year for secondary or farm-to-market roads, and $50 million for elimination of hazardous rail-highway crossings, as well as funds for projects on public lands. In all, the Act authorized $216,500,000 over 2 years.

The economy had begun to recover by 1936, an election year in which President Roosevelt scored a landslide victory over Governor Alfred M. Landon of Kansas.

Congress Takes Control

In view of the recovery, the President turned his attention to balancing the budget by reducing government spending. He also wanted greater control over the arsenal of economic weapons at the government's disposal. In this regard, the President began to see the Federal-aid highway program, with its multi-year authorizations, as a lever he could not control. Seely described the change in the President's thinking:

> Previous presidents had set limits on highway funds, but after 1936 the executive's desire to tie government spending to broader economic goals had potentially drastic consequences for

[150] Ibid.

> highway policy. To give the states time to act, Congress had always approved federal aid for a two-year period. Technically, a separate authorization [an appropriation] was required to release the second year's funds, but even without it, the BPR could award contracts that obligated the Treasury. Starting in 1936, however, Franklin Roosevelt argued that such appropriations reduced his ability to use the budget to respond to changing economic conditions. He wanted annual funding, a moratorium on federal aid because of a backlog in funds, and an end to the formula that gave each state a share of federal aid.[151]

In the fall of 1937, President Roosevelt worked on several fronts to balance jobs creation with reduced Federal expenditures before the situation worsened. For example, on November 10, Secretary of the Treasury Henry Morgenthau, Jr., addressed the annual dinner of the Academy of Political Science. He asserted that the President was "determined" to move toward a balanced budget, particularly through reduced relief, farm, and public works expenditures. The President also would encourage business by modifying inequitable taxes.

Where, the Secretary asked, could the cuts be made? He had concluded that "several classes of expenditures" had been mainly responsible for past deficits and, therefore, "great savings can be made" by cutting them. He began with highways:

> First, take the item of highway expenditures. Prior to the depression, the Federal grants to the States for public highway construction generally ran under one hundred million dollars annually. This year the total Federal outlays for highways, inclusive of emergency expenditures, are estimated at two hundred fifty-three millions; and, in addition, the existing highway programs call for new appropriations totaling more than four hundred million dollars for the next two years. I believe it is now time to return to the average annual level of highway expenditures that existed prior to the depression, especially because during the past few years many other millions of dollars have been spent for highways out of relief appropriations.

He also suggested cutting public works, other than highways ("I believe that we can and should move definitely toward a lower level of public works outlays"), unemployment relief and the CCC [Civilian Conservation Corps] camps ("During the present fiscal year, by reason of more active private business, these expenditures are already being reduced"), and subsidies for agriculture ("The farmer himself does not want subsidies, but rather such fair prices and such balanced production of crops as will make subsidies unnecessary for his decent economic status.").[152]

The President decided to call a special session of Congress, to begin on November 15, 1937, to enact laws to address four topics associated with the recession: crop control (compulsory control for the marketing of five basic agricultural commodities), wages and hours (maintain wage income and purchasing power against recessive factors, and end exploitation of child labor and the undercutting of wages and increased hours for the poorest workers), executive branch reorganization (add

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[151] Seely, p. 142.
[152] Morgenthau, Henry, Jr., "Text of Morgenthau's Address Here on Budget," *The New York Times*, November 11, 1937.

Departments and an agency for budget and efficiency, increase White House staff, extend the merit system to all nonpolicy positions, and give the President increased authority for executive decisions), and regional planning (for better, ordered use of the country's natural resources):

> With the exercise of ordinary prudence, there is no reason why we should suffer any prolonged recession, let alone any general economic paralysis. Despite some maladjustments, which can be corrected, underlying conditions are not unfavorable.

The Congress, according to *The New York Times*, "was in a mood more cautious, more conservative and more independent than at any other time since President Roosevelt addressed his first Congress nearly five years ago." The President's message to the special session, read by a clerk instead of the President, "brought a polite but unenthusiastic reception." Prospects for the President's priority measures were not good.[153]

Less than 2 weeks later, the President turned again to the Federal-aid highway program. He sent a message to Congress on November 27, 1937, recommending a reduction of the Federal-aid highway program and changes in how it operated. He began by summarizing the most recent authorization under the Hayden-Cartwright Act of 1936 for FY's 1938 and 1939. He believed that changes were needed:

> In view of the large amounts which have been contributed by the Federal Government, particularly during the past five years, for the construction of public roads, and because of the necessity for taking definite steps to reduce expenditures for the purpose of securing a balanced budget, I recommend that the Congress adopt the following policies:
>
> 1. Provide for the cancellation of the 1939 authorizations prior to January 1,1938, by which date the Secretary of Agriculture is required to apportion to the various States $214,000,000 of such authorizations.
> 2. Limit to not more than $125,000,000 per annum all public roads authorizations for the fiscal year 1940 and for each of the next few succeeding years.

He pointed out that average expenditures in recent years far exceeded average expenditures in earlier years of the program.

> This annual average for the past five years of $298,000,000 contrasts with an annual average of less than $100,000,000 for the five-year period preceding the depression.

The President also was concerned about contract authority:

> The Secretary of Agriculture is required to apportion to the States the annual amount authorized for appropriation, and to approve projects of proposed State expenditures

[153] Catledge, Turner, "Congress Puts Business Aid to Fore After Roosevelt Asks Tax Revision; No Specific Program Yet in Sight;" no byline, "Congress in Mood of Independence;" "President Roosevelt's Message to Congress Submitting Session Program," *The New York Times*, November 16, 1937.

> thereunder which shall constitute contractual obligations of the Federal Government regardless of the availability of appropriations for their payment and of the fiscal outlook of the Treasury. This mandatory provision completely ties the hands of the executive as to the amount of road funds to be included in the budget for any fiscal year. While I do not object to the apportionment among the States of such amounts as may be authorized for appropriation, I do most strenuously object to the mandatory incurrence of obligations under such apportionments without regard to its ability to finance them from its revenues. I, therefore, recommend that the Congress take the necessary action permanently to eliminate this provision of our public roads laws.

The New York Times reported on the President's message, as well as a companion message on housing aid and the latest maneuvers in his initiative to balance the budget. The headline on the lead article in the November 28, 1937, edition read:

Roosevelt Will Veto Bills
Upsetting Budget Balance;
Stands Firm on Crop Costs

The article began:

> Washington, Nov. 27.—President Roosevelt will probably veto any large appropriation made by Congress for which no compensating revenue legislation is enacted, Stephen Early, White House secretary, announced today. Soon afterward Senator [Alben W.] Barkley [of Kentucky], the Democratic leader, emerged from a discussion with the President to state that there would be no tax revision at the special session of Congress.
>
> Taken together, these developments confirmed earlier appraisals that Mr. Roosevelt is determined to balance the budget during the next fiscal year by freezing expenditures at the reduced level to be set forth in his January estimates, and by digging up eventually, but not immediately, additional sources of revenue if tax yields do not meet estimates.

The clerk of the Senate read the President's letter about the highway program in the Senate on November 30. According to an Associated Press article ("Roosevelt Seeks U.S. Road Aid Cut") in the November 30 edition of Washington's *The Evening Star*:

> President Roosevelt's proposal to curtail Federal highway spending met immediate criticism in the Senate today . . . . Western Senators led an incipient revolt against Mr. Roosevelt's curtailment recommendations even before the message reached the Capitol. Senator Hayden, co-author of the act under which Congress has appropriated more than $200,000,000 to be spent on roadbuilding during the year beginning July 1, 1938, arranged to speak in the Senate immediately after presentation of the message.

Hayden stated that "those who advised the President with respect to this matter did not convey full information to him." Having been involved in the drafting of the legislation creating contract authority in 1922, Senator Hayden explained its origins. He began by discussing the requirement that the Secretary of Agriculture must apportion the following fiscal year's funds on or before January 1 of each year, not at the start of the fiscal year (July 1) for which the funds were authorized:

> The President very properly pointed out that the Secretary of Agriculture has no discretion. The act is mandatory, so the Secretary must apportion the $200,000,000 on that date because the law reads:
>
> > On or before January 1 of each year, the Secretary of Agriculture shall apportion among the several States, as provided in section 21 of the Federal Highway Act of 1921, the sums authorized for the fiscal year immediately following.
>
> To give further assurance to the States that there shall be no possible question about their receiving this assistance from the Federal Treasury, the act repeats a guarantee which was first given by Congress in 1922 by creating a contractual obligation upon which they can depend with absolute certainty. I read further from the first section of the act of June 16, 1936:
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> > When said apportionment has been made for any fiscal year, the State highway departments may submit projects to the Secretary of Agriculture for his approval. The Secretary of Agriculture shall act upon projects submitted to him under any such apportionment and his approval of any such project shall be deemed a contractual obligation of the Federal Government for the payment of its proportional contribution thereto.
>
> The reason for this legislation is both simple and sound. The reason is so obvious that I cannot believe that the President was made to understand by his advisors that it would have the effect of breaking what in truth is a contract [sic]. A majority of the State legislatures—more than 40 of them—meet but once in 2 years. The Federal funds authorized to be expended are to match moneys raised by State taxation. In order that the legislature may know what taxes to levy to meet Federal aid they are given at least 6 months' notice; that is, Congress since 1922 has passed bills covering 2-year periods in ample time so that when the legislatures meet they may know exactly what to expect . . . . It seems perfectly clear that, having established a contractual obligation between the Federal Government and the States, we cannot, between now and the 31st of December, consistently carry out the recommendations contained in the message by enacting what amounts to a repealer of the authorization during this special session of Congress . . . .
>
> The first Federal-aid highway act was passed in 1916. It carried an appropriation for the ensuing year, and Congress followed that course up until 1922. By doing it in that way the States never knew what Federal help they were to receive until Congress had actually

> appropriated the money.[154] Then legislatures might have adjourned without making adequate provisions to match the Federal funds. Congress finally realized, as anyone who studied the road-building problem must conclude, that good highway planning is something that must be done a long time in advance. For that reason, in order that the States might have ample notice, so that their legislatures might wisely act with respect to a highway program that would be carried out 2 or 3 years ahead, Congress, after very careful consideration, in 1922 adopted the policy of advance authorizations for Federal aid to highways.
>
> There is a vast difference between an authorization by Congress upon which the States can depend and the actual amount of funds paid out of the Treasury. Money paid out of the Treasury is what unbalances the Budget, not mere authorizations. It is a fact that there is a lag of from 2½ to sometimes 4 years between the time that Congress authorizes highway expenditures and the time that the money must actually be paid out of the Treasury . . . . Congress is dealing with 50 separate political entities—48 States and 2 Territories—that operate at different speeds at different times. That is the reason why Congress adopted a policy of giving them all ample notice and allowing them in their own good time and within reason—of course there is a limitation upon the authorizations; they will finally lapse—but, within reason, Congress allows each State to work out its problem as best it can considering its financial resources.[155]

The State legislatures, the Senator said, had made arrangements for tax collections to meet the expected funds, but those funds could not be expended for the intended purpose if the Federal Government violated its commitments.

Congressman Cartwright's reaction was similar. He arranged to have his comments inserted into the record immediately after the House clerk read the President's statement on November 30. The Congressman used many of the arguments that Senator Hayden expressed at greater length. Cartwright added that following enactment of the Hayden-Cartwright Act of 1934,"there was an immediate business pick-up in the industries connected with road building." In contrast, he said:

> If Congress and the President now back up and Federal aid funds are now withheld it is obvious that the reverse will be true; expansion will cease and there will be a general lay-off of employees throughout the industry, even before the program is actually curtailed. Assurance that the road-building program will continue for the balance of this fiscal year does not much help the general effect of this startling proposal.

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[154] The Federal Road Act of 1916 authorized funds over a 5-year period, but each year's authorization was subject to an annual appropriation of the funds.

[155] *Congressional Record*, November 30, 1937, p. 502-507.

He did not think the American people would "sit supinely by" while highway funding was reduced and expenditures for other activities increased:

> This matter of Federal cooperation in building roads covers a long period of time. It is so well established that many people have taken it for granted, but any proposition to make road construction the "goat" in plans for economy will, in my opinion, receive critical examination on the part of the public, and in that attitude we who have given time and energy toward the legislation on this subject cannot help but agree.
>
> In short, I believe that our present program of Federal expenditure for roads should be continued at least until our present Federal highways are out of the mud and dust. If President Roosevelt could motor over some of the highways in my district, I feel sure he would agree with me on that point.[156]

An editorial in the *Engineering News-Record* for December 2, 1937, described the proposal as "unquestionably the most sensational development in national affairs in recent months." A news article in the same issue explained that the proposal to cancel the 1939 authorization "is essentially the book-keeping operation to make the budget look better." Because of the multi-year nature of highway expenditures and obligations, it would have "little effect on actual highway construction" in the coming year. The real issue, the editorial pointed out, "is the effect on the continuing road program" beyond FY 1939, particularly since the President proposed to return to pre-Depression funding levels:

> Obviously, a return to normal is unavoidable if excessive spending is to come to an end. But should it be made abruptly, by cancelling a whole year's funds? And must it not take full account of urgent public needs?

The previous 8 years had "brought tremendous change in road travel and safety conditions." Despite this, "the earlier main roads are fast becoming obsolete." The editorial asked, "Can the pre-depression rate of road improvements serve as a safe standard for a road program today?" Highways engineers must examine this proposition thoroughly:

> They are aware of the widening gap between traffic needs and the service afforded by our fragmentary road system. They know what dangers and losses are caused by growing congestion, and realize that we are only at the beginning of developing a reasonably useful road network. They know, too, that an adequate road program will place no burden on the treasury, for the 350 millions of annual road taxes which the government collects will more than pay for it.

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[156] *Congressional Record*, November 30, 1937, p. 537-538.

Congress should give these facts "careful thought" in "shaping the future road programs":

> Most of all does the nation's roadbuilding require a well-considered and stable program and a sound policy of continuing action, for roadbuilding is related to employment, and business almost as intimately as to the improvement of travel.

The national economy was "undeniably imperative," but the "true facts of the situation" should be weighed in "establishing a road program that will be a secure foundation for future service."[157]

As *America's Highways 1776-1976* noted, "The President's message seemed merely to antagonize the Congress and strengthened its support for Federal aid." During a debate a few years later, Senator Hayden recalled this battle with the President as having been provoked by the bureaucrats he had referred to in his discussion of the 1933 emergency relief funding:

> [In] 1937 they induced the President to send a message to Congress, on November 27, in which he recommended that the system be entirely changed . . . . Although the President transmitted with his message the draft of a bill to change the system and repeal much of the basic highway law there was not one Senator or one Member of the House of Representatives who would even introduce the bill, and the system has continued to operate just as it is now functioning.
>
> The President stated in his message of November 27, 1937 that the provisions of law for apportionment to the States and creating contractual obligations would tie the hands of the Executive, and I told the Senate at the time that this result is exactly what the Congress intended to do. We could not operate any other way.

He pointed out that in the 8 years from 1933 to 1940, the Federal Government had authorized $1.886 billion in Federal-aid for highways, while the States had expended $4.229 billion on construction and $1.608 billion on maintenance, "or a total expenditure more than twice as great as that of the Federal Government." He continued:

> What the Bureau of the Budget wants is to be able to juggle one Federal dollar and thereby control two State dollars but the Congress has gone on the principle that the roads belong to the States, that the construction should be carried on by the States, and that the Federal Government should merely aid and assist the States to create a national system of highways. That principle is so sound that the Congress has been utterly unwilling to change it for more than a quarter of a century.[158]

The New York Times returned to the theme of a Congress in revolt on December 11, using the Federal-aid highway program as its example. The article, which occupied the prime spot on the

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[157] "President Would Cut Road Funds," *Engineering News-Record*, December 2, 1937, p. 877, and "Economy and Roadbuilding," p. 887.

[158] *Congressional Record*, August 6, 1941, p. 6958.

upper right side of the front page, featured a sequence of headlines:

ROOSEVELT ROAD-CUT PLAN DEFIED BY HOUSE CHAIRMAN; PRESIDENT GIVES RAIL STAND

BLOCK TO ECONOMY

CARTWRIGHT WON'T CALL COMMITTEE TO CANCEL $214,000,000 FUND

PLANS A BILL FOR MORE

BACON WILL MOVE MONDAY TO WITHHOLD SUMS JAN. 1 IF DEMOCRATS DO NOT ACT

The article began:

> WASHINGTON, Dec. 10.—The threatened revolt in Congress against President Roosevelt's economy program broke partially into the open today with an announcement by Representative Cartwright of Oklahoma, chairman of the House Roads Committee, that he would not call his committee together during the special session to carry out the Presidential recommendation for withdrawal of Federal road aid authorizations for the 1939 fiscal year . . . .
>
> But Mr. Cartwright went further in opposing any reduction in road fund authorizations.
>
> He declared that, when the regular session met in January, he would call his committee together to consider a bill extending through the fiscal years 1940 and 1941 the benefits of the Hayden-Cartwright Act of last session. This means, he said, that authorizations will be asked for funds equal to those authorized for the current two-year period.
>
> "When this bill gets on the floor," Mr. Cartwright said, "it will then be time to discuss the economy in road building appropriations. If we are asked to go along in reductions to balance the Federal budget, then, of course, we will accept in good grace such cuts as are proportionate. But we are not going to sit idly by and see road building stopped when there are increases in other items, or, at any rate, no reduction for other activities of the government."

As cited in the article, Cartwright also commented on the statutory provision regarding the timing of apportionments:

> "The President, in looking over the situation, found that the roads item was one that was 'pegged.' You have to go to the WPA [Works Progress Administration] if you want money for some things, but Congress wrote into the law a provision whereby States, motorists, contractors and every one who benefits from the road program might know for two years in

> advance what to expect. The method of making authorizations in advance has been considered a sound policy."

Representative Robert Low Bacon (R-NY), the second ranking Republican on the Committee on Appropriations, responded that he would introduce legislation relieving the Agriculture Secretary of the statutory requirement to apportion the FY 1939 funds before January 1. Although Republicans normally opposed the President's initiatives, Bacon said, "We will go along with the President in all attempts at economy. If the Democratic leadership is not willing to follow the President's recommendations, we propose to help him out wherever such recommendations involve reduced governmental expenditures."[159]

Reporter Turner Catledge continued the theme of open revolt in a *Times* article on December 12, describing the failure of the special session to enact the President's proposals on crop control, wage and hours, executive reorganization and regional planning. Catledge also referred to two proposals the President added after the session began, an initiative to organize a private housing drive to spur recovery and reduction of highway funding:

> Amendments to the Housing Act proposed by the President stand a better chance than perhaps any of the other pending measures to be enacted at this special session, but his proposed changes in the highway statutes have apparently been relegated to the limbo of unwanted legislation in both houses.

The *Times* supplemented the article by reprinting an editorial cartoon by Hutton of *The Philadelphia Inquirer*. It depicted a paunchy old man, labeled "Congress," leaning on a shovel (the classic pose, according to critics, of workers under the New Deal's make-work programs) in a field marked "The Emergency." The title: "Dig, man, dig!"

On December 14, Secretary Wallace submitted a letter to the Speaker of the House and the President of the Senate. He transmitted draft legislation to carry out the President's recommended cancellation of the authorization for FY 1939. Secretary of the Interior Harold I. Ickes followed up on December 16 with language that would cancel authorizations for roads and trails in National Parks, parkways to give access to the National Parks and form connecting sections of a national parkway plan, and Indian reservation roads.

Representative Bacon introduced his legislation on December 15. The following day, he discussed the bill during a brief speech on the House floor. He had, he said, been waiting nearly 4 weeks for the Democratic leadership to act on the President's proposal "in the interest of economy." Neither

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[159] *The New York Times*, December 11, 1937. The railroad issue cited in the headlines was covered in a separate front page article. The President indicated that despite the economic difficulties facing the railroads and agitation for government ownership, that was the last recourse. "A national system of adequate, economic and solvent railroads, privately owned and privately managed, was outlined by the President as the goal toward which the transportation policies of his Administration were directed."

the Road Committee nor the Democratic leadership had made an effort to consider the President's proposal. In fact, he said, the White House had not "sought to press action" on the matter, either:

> We are bound to accept the President's recommendations at their face value, regardless of the fact that nothing is done by the President's leaders on Capitol Hill to bring about their realization in law and in fact. It is difficult for some of us to believe, in view of the wild and reckless spending in so many other directions, that the President is seriously concerned about economy or balancing the Budget. And I read a statement in the New York Times last Saturday quoting the chairman of the Roads Committee to the effect that not only would the President's economy recommendations be rejected but that the chairman and some members of the Roads Committee would seek larger appropriations for this purpose.

Therefore, he said, he had introduced his bill "embodying precisely the program recommended in the President's message of November 27." The President had described his proposal as an emergency measure. If the Congress did not act during the special session, the Agriculture Secretary would be required to apportion the funds for FY 1939. Here, said the Congressman, was a chance for the Democratic leadership to act:

> The President has recommended it. The country demands it. It will give every Member of the House an opportunity to support the President and at the same time to move in the direction of a balanced Budget.
>
> Rejection of this bill, or failure to give it immediate consideration would be a signal to the entire country that this Democratic leadership in Congress repudiates the President in his demand for economy. At the same time it would be a signal that the President himself is without power to enforce the balanced Budget he has so often promised.[160]

By then, the President's initiative had failed. Chairman Cartwright was unwilling to call a meeting of his committee during the special session and parliamentary obstacles blocked any other route to the House floor. Citing the Secretary's December 14 letter to the Speaker, *The New York Times* said the Administration had virtually decided to abandon the attempt. "The decision of leaders not to attempt to force action . . . throws this out the window so far as this session is concerned . . . ." The article added:

> After reading the suggested bill, several members privately expressed their resentment at the recommendation for elimination of all road items for 1939. They felt, some of them said, that the Administration was attempting to place road allotments under its own thumb, like relief and a number of other appropriations, and they declared they would fight any such attempt.[161]

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[160] *Congressional Record*, December 16, 1937, p. 2166.
[161] "Move by Wallace on Road Cut Fails," *The New York Times*, December 17, 1937.

Nevertheless, press reports that Cartwright was part of a revolt against the President concerned the Chairman enough that he wrote to the President on December 16 to deny the implication of the articles:

> I wish to express my regret at the apparent disposition of certain newspapers to twist and distort every informal statement of a Member of Congress into an "open revolt" against the President. A case in point is that a few days ago, in reply to a question asked me by a reporter in the Capitol lobby, I said that no meeting of the Committee on Roads had been called, but I did not say or intend to indicate, as big headlines announced the next day, that I would not call such a meeting.

On December 4, he said, he had asked the members of the Committee on Roads for their views on what the committee should do about the President's requests. He excerpted some of the comments, all without attribution (one read: "this is about as outrageous a recommendation as the President has ever made to the Congress"). None of the committee members had requested a meeting, Cartwright said, "but a majority of members of both parties have expressed the opinion that nothing would be accomplished by a meeting at this time." He added, "Informal information from the Senate side has indicated the same situation." He did not believe the committee "would favorably report a proposal to cancel authorizations for next year, and my thought has been that the anti-New Deal press would paint a stronger 'revolt' picture out of normal action by the committee than of apparent or alleged inaction by the chairman."

Assuring the President of his overall support, Cartwright stated he was "surprised and disappointed at this message," but indicated he would cooperate with the President and the Secretary of Agriculture to work out the highway problems.

The President replied on December 20:

> Thank you for your letter of December 16. I have understood fully your problems as chairman of the Committee on Roads and, frankly, having served in a legislative body myself, I appreciate the pulling and hauling when it comes to getting a slice of the government's expenditures for one's own project.
>
> Also, may I tell you that if we had all the money in the world to spend I would gladly go ahead with road building in every county in the United States on an even greater scale than we are doing at the present time.
>
> But there are two factors which I know you will consider:
>
> 1. The Administration is making an honest effort to cut the budget down to a figure which will closely approximate the estimated tax receipts. That means that we ought to cut off appropriations which may be desirable but which are not essential.

That brings me to the second problem—the problem of what Einstein would call "relativity." Where can we cut? That is a matter, first, for the President to make recommendations, and, secondly, for the Congress to decide whether the recommendations for cuts should be carried out or changed by substituting different cuts.

As you know, up to 1929, the average amount of Federal aid to road-building in the United States was less than $100,000,000 a year, and now under authorizations and appropriations it will run to between $200,000,000 and $300,000,000 a year.

Also, as you doubtless know, money spent on Federal aid highways takes very few people directly off the relief rolls. It is true that many of the contractors' regular forces are kept at work and some people are put to work making cement, steel binder and other materials. Nonetheless, the fact remains that Federal aid highways give relatively little help to the several million Americans who are actually in pressing need. Local farm to market roads give a far higher percentage of relief employment than the Federal aid roads.

Therefore, speaking again of "relativity," if I have to get the budget down to a certain figure, obviously, I must eliminate the proposed expenditures which provide the least work and favor those expenditures which give the most work.

The Congress has a perfect right constitutionally to exceed the budget, but, if the budget is exceeded, obviously the Congress must accept the responsibility, and obviously the Democratic members, which have such a large majority in the Congress, must equally accept the full responsibility.

If the Congress decides to keep on spending between two and three hundred million dollars a year on Federal aid highways, the Congress can, in its wisdom, reduce other appropriations to make up the difference.

The above facts may be unpalatable but, as you know, they are perfectly true. More than three thousand counties in the United States are glad to get every possible expenditure of Federal funds within their counties, but I know you will agree with me that if we legislated with that as the principal objective in mind, there would not be any Democratic party and there would not be any solvent government after a few years.

Always sincerely,
Franklin D. Roosevelt[162]

Congressman Cartwright replied on December 23 that he appreciated receiving the President's views and would share them with committee members.

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[162] "Roosevelt Warns Congress to Help to Balance Budget," *The New York Times*, December 23, 1937. The Cartwright-Roosevelt exchange is reprinted in full in the *Congressional Record* of February 9, 1938, p. 2283-2284

After the White House authorized release of the exchange to the press, *The New York Times* described the President's letter as "sharply worded" and emphasized his points about congressional responsibility for exceeding budget estimates and the need for comparable reductions in other programs if reductions did not occur in the road program. The article added:

> Federal fiscal officials who declined to be quoted hailed the President's letter as evidence that he is more determined than ever to restore the budget to balance at the earliest possible date. They were particularly enthusiastic over his statement that the Administration was making an honest effort to cut the budget to a figure more nearly approximating tax receipts.

(A brief Associated Press article accompanied the *Times* article reprinting the President's letter. It stated that Representative Harold Knutson (R-Mn.) indicated he would call for repeal of the 1-cent Federal gas tax if highway funds were cut. "The gasoline tax should be the exclusive field of the States, anyway," he was quoted as saying. He added that the States would receive more revenue from a 1-cent increase in the State gas tax than they get from the Federal-aid highway program. Although auto industry, petroleum, and State officials opposed the Federal gas tax, it would be extended in 1937 and remain 1 cent per gallon until it was made permanent by the Revenue Act of 1941, which also increased the tax per gallon to 1.5 cents.)[163]

By the time the exchange between the Chairman and the President ended, the Special Session had adjourned in failure on December 21. None of the President's initiatives had been approved. A few minor bills, left over from the regular session, had been enacted (an appropriation of $225,000 for mileage expenses of Senators and Representatives traveling to and from Washington; extension of the time for construction to begin on a bridge across the Tennessee River in Alabama; an amendment of the Federal Credit Union Act; and authorization for the loan of Capitol portraits to the Corcoran Art Gallery), and some progress had been made on the President's initiatives that would carry over to the regular session that would begin in January.[164]

By the end of 1937, the effect of the President's efforts to balance the budget, in part by cutting public works spending, could be felt, as Gordon described:

> The result was a new depression. Unemployment soared back up to 19 percent the following year, while GNP dropped 6.3 percent. It was the first time in the history of the American economy, and the last time, so far, that the peak of the business cycle was lower than the previous peak had been, as the height in 1937 was well below the peak in 1929 . . . . [Economists] dubbed this new depression within a depression a "recession." This has been the term for economic downturns ever since, and the word *depression* is usually capitalized and refers exclusively to the uniquely dark days of the 1930s.[165]

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[163] Associated Press, "Would Seek Gasoline Tax Repeal," *The New York Times*, December 23, 1937.
[164] "Congress Closes; Not One Major Bill Gets Final Action," *The New York Times*, December 22, 1937.
[165] Gordon, p. 346.

A New 2-Year Bill

As required by law, Secretary Wallace apportioned the $200 million authorized for FY 1939 on December 31, 1937 (i.e., by the January 1 before the start of the next fiscal year on July 1, 1938). On that same date, the Secretary wrote to each Governor to request that the States not submit any FY 1939 projects for his approval. After explaining that he had apportioned the funds to the States as required by law, the Secretary said:

> I am directed by the President, however, to invite your attention to the recommendations regarding highway authorizations which he made in a special message to the Congress under date of November 27, 1937, in which message he recommended the cancellation of the 1939 authorizations.
>
> While no action was taken on this recommendation during the special session of Congress, the President desires that Congress be afforded, prior to the approval of any projects under the 1939 apportionments, a further opportunity to give consideration to his recommendation for the cancellation of the 1939 authorizations. He will appreciate, therefore, your cooperation, and that of your State highway department, in deferring the submission of projects under the 1939 apportionment until this matter has received the further consideration of Congress.

The President followed up in his budget message to Congress on January 5, 1938. He called the attention of the public to "the fact that a very large proportion of our total expenditures represent fixed charges which cannot be reduced by Executive action." He cited several examples before turning to public expenditures for capital improvements, such as highways, river and harbor projects, and other public works. "All of these items can be contracted or expanded to conform with the contraction or expansion of Government income." He said:

> This year I recommend that such items be curtailed. First, because expected Government income will be less, and second, because it has been amply demonstrated that they do not provide as much work as do other methods of taking care of the unemployed.
>
> For example, we have appropriated as Federal aid to new permanent State highways almost $1,500,000,000 during the past 5 years; and an equal sum has been spent during the same period for constructing, repairing, and improving roads and streets by Federal agencies administering unemployment relief. These vast expenditures have put our highway systems far in advance of what would have been normal expansion. I do not propose eliminating Federal aid to highways, but I do ask that such aid be restored to approximately the predepression figures.
>
> We have a great accumulation of unliquidated "matching" authorizations for aid to States running into the year 1940, but the States also should be encouraged to bring their highway budgets back to a more normal figure. Therefore I hope that the Congress will start at this session to cut down the actual appropriations used to match State funds.

The Committee on Roads held 3 weeks of hearings, during which each witness was asked to comment on the proposal to cut Federal authorizations for road building. The consensus was that the witnesses were willing to take a cut, but only if all other Federal activities were cut by the same amount. Briefer Senate hearings resulted in the same answer.

Given that congressional agreement with the President's request to cut the 1939 authorizations was unlikely, Secretary Wallace wrote to the Governors again on March 18 to advise them to submit projects covering the 1939 funds. This action followed instructions from the President to the Secretary. The Secretary's brief letter summarized the circumstances leading to the earlier request not to submit projects, then explained:

> The President now feels that you should not be asked to further delay the submission of road-building projects of your State, and accordingly I suggest that such projects be now submitted in the order of their priority.
>
> The cooperation manifested by you and your State highway department in this matter is greatly appreciated.

The House Committee on Roads approved its bill unanimously in April and forwarded it for consideration by the full House on April 29. Cartwright went on the National Broadcasting Company's radio network to explain why a new authorization bill was needed. The primary reason, he explained, was timely planning:

> The imperative need for consideration of the bill now lies in the fact that 44 of the State legislatures will meet in regular session in 1939. Forty of these assemble only biennially. The State highway budgets must be prepared during the fall months prior to the beginning of these sessions early next year. The States should, and must, if they are to act with certainty, have knowledge of definite approval by Congress of this bill in order to make provision for their participation in the continuing highway construction program . . . . The best results cannot be obtained through measures affecting practically every community in the United States if the actions required are forced into an emergency status and characterized by lack of thoroughness or by inadequate preparation.

He stressed that motor vehicle users paid $360 million from manufacturers' excise taxes in 1937, compared with $238 million a year in Federal-aid highway funds. That left a balance of $122 million contributed by motorists that goes for other purposes. Moreover, he said, the industry and business of highway transportation employed 6 million people in 1936:

> It is well established that between 80 and 85 percent of the total expenditure in the construction of highways goes to labor. It should also be borne in mind that in handling the Federal funds for roads the State highway departments have, in cooperation with the Bureau of Public Roads, required the contractors to take, whenever possible, the employees for their

> work from the unemployment rolls. Between 85 and 90 percent of the people hired for these purposes are taken from the rolls of the unemployed.[166]

He ended by expressing the earnest hope that the House would soon approve the bill.

The House approved the bill on May 6 with a unanimous vote. The bill authorized the same overall amount as for 1938 and 1939, namely $238 million a year. The bill was referred to the Senate and assigned to Senator Hayden's subcommittee.

Chairman Hayden introduced a similar bill with the amounts left blank. He and Senator McKellar, who had become Chairman of the Committee on Post Offices and Post Roads at the start of the 73rd Congress on March 9, 1933, intended to talk with the President before proceeding, but they informally let MacDonald know that they were willing to reduce the House amount by about 40 percent.

The President had not abandoned his goal of reducing road expenditures. D. W. Bell, Acting Director of the Bureau of the Budget, sent a memorandum to the President on May 14 seeking guidance on how to proceed. Bell described the House action, then said:

> I am advised that Senator Hayden has discussed the matter with you and an agreement reached as to the total amounts to be authorized for the fiscal years 1940 and 1941.

Bell pointed out that Congress had taken no action on the President's request to eliminate the contract authority provision of existing law. Under the House and Senate bills, "the new roads authorization bill, if enacted, will operate in accordance with the existing law." Bell asked the President for "your present attitude with respect to the matters above mentioned."

President Roosevelt replied on May 16:

> 1. I think the House amendment can and will be drastically reduced in the Senate if you talk with McKellar and Hayden. Use every effort to get the total as low as possible.
> 2. My statement of November 27, 1937 in regard to eliminating contractual obligations by the Secretary of Agriculture still stands. Push for its enactment.[167]

Consistent with Senator Hayden's agreement with the President, the Senate bill made drastic cuts in the amounts contained in the House bill. Authorizations amounted to $128.5 million for FY 1940 and $186 million for FY 1941. The Senate passed the bill on May 16, the same day the President expressed his views to Bell, without a recorded vote.

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[166] Radio Address of Hon. Wilburn Cartwright, of Oklahoma, on April 29, 1939, Reprinted in Extension of Remarks by Hon. Sam C. Massingale of Oklahoma, U.S. House of Representatives, May 2, 1938, "Why It Is Necessary to Make a New Authorization for Roads at This Session of Congress," *Congressional Record—Appendix*, May 3, 1938, p. 8242-8243.
[167] FDR Library, OF 1e, Box 11.

The Conference Committee called to resolve differences between the two bills completed its work on May 31. The House and Senate compromised on FY 1940 ($100 million for the Federal-aid system instead of the Senate's $75 million and the House's $125 million; and $15 million for secondary roads instead of the Senate's $10 million and the House's $25 million), but retained the Senate amounts for FY 1941. In all, authorizations totaled $158.5 million for FY 1940 and $191 million for FY 1941, compared with $238 million for each of the previous 2 years. The final bill retained the standard procedures of the Federal-aid highway program, including contract authority. The President signed the Federal-Aid Highway Act of 1938 on June 8.

Engineering News-Record, in discussing passage of the bill, explained how the compromise had been reached:

> The final bill is a compromise between the economy recommendations of President Roosevelt and the desire of many congressmen, particularly in the House, to continue road expenditures at an undiminished rate. It was accepted only after assurances by the Bureau of Public Roads that on Jan. 1, 1939 (when the Secretary of Agriculture will apportion the new funds to the various states) there will be available a [total] carryover [in all categories] of $150,000,000 which will be available to supplement the reduced amounts authorized. In addition, a large part of the new relief program appropriation will be used in road and street construction.

While addressing AASHO's annual meeting in 1938, Cartwright recalled the President's budget message and the fact that the President based the proposed Federal budget for FY 1939 on the assumption that Congress would cancel the year's authorization, then added:

> *On January 6 of this year, I took the bull by the horns and introduced a bill, H.R. 8838, to provide for the continuation of Federal highway aid without any reductions through the fiscal years 1940 and 1941.*
>
> That left it squarely up to the Congress as to whether or not Federal support for orderly highway growth would be continued in the United States. [Italics in original][168]

Funding authorized by the Federal-Aid Highway Act of 1938 was reduced, he acknowledged. "The principles of the legislation, however, were kept intact . . . . This was an important victory for roads!"

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[168] "Cartwright, Wilburn, "Future Roads and Federal Road Legislation," *American Highways*, January 1939, p. 7.

Planning for the Future

Section 13 of the Act was directed at the ability of the Nation's interstate highways to handle the growing traffic:

> The Chief of the Bureau of Public Roads is hereby directed to investigate and make a report of his findings and recommend to the Congress not later than February 1, 1939, with respect to the feasibility of building, and cost of, superhighways not exceeding three in number, running in a general direction from the eastern to the western portion of the United States, and not exceeding three in number, running in a general direction from the northern to the southern portion of the United States, including the feasibility of a toll system on such roads.

This provision emerged from an initiative that President Roosevelt supported even as he attempted to curtail highway expenditures and alter the Federal-aid procedures.

The paving of many of the Nation's main roads had been completed, including U.S. 30 (November 1935), U.S. 40 (July 1938), U.S. 61 (February 1939), and U.S. 66 (May 1938). The BPR's annual report for FY 1938 noted the improvement of the main roads:

> The system of main highways in the United States is by far the most extensive of any in the world. Only the most out-of-the-way places cannot now be reached over a surfaced road. Many miles of main highways are broad, direct routes over which vehicles can travel continuously at the touring speed selected by the driver without the need for slowing down because of sharp curves, steep grades, or other obstacles and there is frequent opportunity to pass overtaken vehicles.

The next stage, modernization of the main highways, had emerged as the most important goal of the Federal-aid highway program:

> Many of our most used and important roads are among those that must now be classed as very inadequately improved. These are the roads that were first recognized as of outstanding importance and as such were first improved with surfaces of the highest type designed according to the standards of early road builders. There was general acceptance of these standards as sufficiently advanced—in fact, there was much opposition on the grounds that they were too advanced. The great increase in highway use and the recent marked increase in vehicle speed have forced the adoption of much higher standards.

The report cited the need for widening, longer sight distances, and reduced curvature as among the most pressing needs. In heavily populated areas, divided four-lane highways, although expensive, were needed. "It is evident, therefore, that the provision of facilities of this general class is lagging very far behind actual needs."[169]

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[169] MacDonald, Thomas H., Report of the Chief of the Bureau of Public Roads, 1938, p. 2-3.

The BPR had received many proposals for addressing the deficiencies, as the annual report explained:

> There has been wide public interest in the creation of a system of multiple-lane highways, built according to the highest standards of grade and alinement, with opposing traffic separated by a center parkway, bypassing all cities, with structures separating streams of traffic at all highway and rail crossings. The large volumes of traffic that flow between densely populated areas, when not too widely separated, in many instances appear to justify the high cost of such improvement.[170]

President Roosevelt was a supporter of such highways and, more specifically, a network of toll superhighways. This interest was reflected early in his Administration. On Sunday evening, May 7, 1933, the President delivered his second radio address to the Nation, the first having been delivered shortly after his inauguration. The purpose of the second address was "to tell you what we have been doing and what we are planning to do." When he had taken office, the country was "facing serious problems. The country was dying by inches." More "appeals from Washington for confidence and the mere lending of more money to shaky institutions could not stop that downward course." He summarized the legislation Congress had passed to create jobs for the unemployed, and indicated he planned to ask for legislation to support more public works, "thus stimulating directly and indirectly the employment of many others in well-considered projects."[171]

On May 9, 1933, his wife Eleanor's uncle, David Gray, wrote the new President regarding his address to the Nation. The letter also discussed "your idea of building toll roads through unimproved country as part of the public works program." Gray suggested several routes for the Atlantic Coast region that would be "quickly self-liquidating." He told the President:

> I believe your scheme is sound and practicable, assuming of course that the new links were skillfully devised and engineered. In fact I think you have hit upon the logical scheme for self liquidating public works. When the federal government should do this with its own organization or lend the money to localities retaining the right of supervision and a lien on the receipts is a detail.

Although the President had not mentioned toll roads in his remarks, he replied on May 19 that Gray's "mind works along with mine":

> I am very keen about the idea of toll roads. The chief problem is to get surveys and land condemnation put through inside of the usual two or three years and get the work started.[172]

This basic idea remained with him throughout his involvement with the future Interstate System.

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[170] Annual Report, 1938, p. 5.
[171] "The President's Address," *The New York Times*, May 8, 1933.
[172] FDR Library, Highways, P.P.F. 454.

On December 9, 1934, the President dictated a memorandum regarding his suggestions for transcontinental toll roads. He described the routes, specified that they should avoid all cities, and stated the sequence for building the roads. The memorandum began:

> The President dictated to me the following memorandum which were suggestions for transcontinental toll roads. He wants a strip two miles wide starting from Worcester, Mass. to Danbury, Conn., avoiding all towns.
>
> From Danbury south it should connect up with the Westchester County park system.
>
> From Danbury west it should go from Putnam County, connecting with Bear Mountain Bridge. West of the Hudson it should start at the Western border of Bear Mountain Park to the Delaware Water Gap. 20 miles east of the Gap it should branch off into two main highways—one to Florida and one to San Francisco.
>
> The San Francisco highway should run west along the New York-Pennsylvania line south of Erie, Pa., south of Cleveland and there in direct line to point half way between Kansas City and Omaha, avoiding all cities. From there west two strip highway to San Francisco.
>
> From northern New Jersey start four strip highway south running east of Harrisburg, west of Baltimore, west of Washington, west of Richmond, west of Charleston and Savanah [sic] – from Washington south two or three strip road.
>
> Another road running north and south in the Mississippi Valley on the east side of the valley from somewhere in Illinois roughly to New Orleans.
>
> <u>Another road not to be undertaken yet.</u> From western North Dakota to eastern Montana to El Paso or as a substitute following eastern foothills of the main chain of the Rockies from Billings to Denver and from Denver to Demming [sic], New Mexico.
>
> Road starting half way between Charleston and Savanah [sic] running west through Montgomery, Alabama, Baton Rouge and thence roughly to Los Angeles and roughly 100 miles north of the Mexican border.
>
> From north of Chicago to Twin Cities and thence to Seattle running roughly 50 miles south of the Canadian border
>
> Road from Canadian border to Mexico running roughly 75 to 100 miles inland from the Pacific Ocean.
>
> Order of preference on which these roads should be planned and built.
>
> 1. Northeast stretch.
> 2. New York to Washington.

3. South of Cleveland.
4. A road from Chicago either running northwest or south.[173]

He called a meeting to discuss the idea with Secretary of the Interior Harold L. Ickes, Treasury Secretary Morgenthau, Works Progress Administrator Hopkins, Admiral Christian Joy Peoples, Director of the Treasury Department's Procurement Division, and MacDonald. Ickes' diary for December 13, 1934, mentioned the meeting:

> I went over to the White House this afternoon at two-thirty to a conference called by the President on the proposed transcontinental highway . . . . At intervals during the last year I have suggested the possibility of such a highway to the President. He has always been rather taken with the idea, but it has now really struck his imagination and he is giving very serious thought to it. Recently at one of our conferences to consider a program of public works for next year, the President outlined a route for a transcontinental highway from east to west and routes for two or three north and south highways. The meeting today was to consider these routes as outlined on a map of the United States and to consider costs, etc.

Throughout the 1930s, private individuals and Members of Congress conceived superhighway proposals. Senator Robert J. Bulkley (D-Oh.) introduced one of the most prominent proposals. His bill, S. 3428, called for creation of a United States Highway Corporation to build three transcontinental and seven north-south superhighways, linked by spurs and connectors. The key feature of Senator Bulkley's plan was that it would be self-liquidating. The corporation would issue $2 billion in bonds to get the work started (eventually, it would issue between $6 and $8 billion). Bonds would be retired with revenue from two sources. First, tolls would be charged. Second, the corporation would build the superhighways on a 600-foot wide strip of land, with the excess land leased or sold to concessionaires as a source of revenue.

The "New York State method" of condemnation, employed by the State's great bridge, park, and road builder, Robert Moses, would be used to acquire the land. The corporation would condemn the land, take it over, and begin work immediately. Payment for the land would be agreed to later either through negotiation or the courts.

In early February 1938, before introducing the bill, Bulkley met with the President. *The New York Times* described the meeting in a front page article on February 7. The headlines read:

**$8,000,000,000 Highway Project
Wins Encouragement of Roosevelt**

**Bulkley Shapes Bill for East-West and North-
South Transcontinental Toll Spans—
Favored if "Pump-Priming" Is Needed**

[173] FDR Library, File Highways, P.P.F. 455.

The article began:

> Washington, Feb. 6.—Should President Roosevelt decide to spur recovery by some form of "pump-priming," as some of his close advisers are urging, he may support legislation for the construction of a transcontinental system of self-liquidating super-highways.
>
> The movement for such legislation is gaining popularity among members of Congress, some of whom are searching for an appropriate form of government construction to benefit their constituents in an election year, and the plan is said to have support in the War Department, the Bureau of Public Roads, and from at least one member of the Board of Governors of the Federal Reserve System . . . .
>
> The President was reported to have told the Senator that he had been thinking of a similar plan for some time, and to have told him to draft a bill.

On February 7, the President met with what *The New York Times* referred to as 31 "left-wing members" of the House to discuss applying a self-liquidation test to a permanent spending program:

> Mr. Roosevelt's comment on a long-range construction program was ascribed to the following legislative proposal:
>
> "Establishment on a sound, permanent basis of a public works program capable of absorbing all able-bodied unemployed workers in periods of business recession or depression. This program should aim among other things at the meeting of major national social needs such as elimination of the slum and should include the planned, full development and careful conservation of all our national resources . . . ."

According to participants, the President cited toll bridges and highways, rural electrification, and other potential revenue producers as meritorious projects. By contrast, he did not see construction of schools and other public buildings, which could not be built on a self-liquidating basis, as appropriate for re-employment objectives. The President also cited Senator Bulkley's plan as an example of a program that could be employed during a slump in employment and halted when employment was normal. *The New York Times* explained one of the related concepts the President discussed:

> In connection with his discussion of a program of capital improvements, Mr. Roosevelt mentioned a government-constructed six-lane highway outside London.
>
> He told how the British Government had condemned a right-of-way half a mile wide, had sold highway frontage for business purposes and small trade tracts behind at $500 an acre. In seven years, according to the story, the project had returned to the government two-thirds of the initial expenditures.

The President was reported to have said that this type of investment was particularly appealing because nearly all other sound projects for employment had been tried and exhausted. It was also consistent with his efforts to balance the budget because expenditures would be returned through the self-liquidating mechanism.[174]

The President also cited the concept of excess condemnation for self-liquidating transcontinental highways during a meeting on February 8 with Mayors Edward J. Kelly of Chicago, Richard W. Reading of Detroit, Harold H. Burton of Cleveland, and B. F. Dickmann of St. Louis. According to *The New York Times*:

> President Roosevelt is understood to have emphasized again in his talk with the Mayors the desirability of working out a long-range program of self-liquidating public works of the type mentioned to the thirty-one left-wing Representatives who discussed the problem with him yesterday.
>
> The President was reported after today's conference to have spoken enthusiastically of a transcontinental highway project calling for the construction over many years of two East-West highways and another traversing the country from North to South. Workers on the projects might be required to send home a certain amount of their earnings, as required under the CCC program.
>
> Mr. Roosevelt is understood to have explained to the Mayors the technicalities of the "excess condemnation" method, which he outlined to the members of Congress . . . . It was reiterated by the President at his press conference that more attention should be given by States and municipalities to the possibilities offered by self-liquidating projects, so that money spent for relief would be eventually returned to the Treasury.
>
> It was apparent, however, that in discussing a long-range program of self-liquidating public works, the President has no intention of taking care of the immediate problem of relief in that manner.[175]

An article in *The Christian Science Monitor* on February 14, 1938, described the Bulkley concept based on a discussion with the Senator:

> Sites would be leased [on the excess right-of-way] for hotels, for eating establishments, great and humble, for gasoline and service stations and garages, and for many other purposes which would be rendered desirable by the proximity of such a highway . . . . Every effort would be made to keep the highways attractive and interesting, with a generous park strip separating traffic into two-way streets. Each direction would have six traffic lanes, according to the plan . . . .

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[174] Belair, Jr., Felix, "Roosevelt Favors Only Public Works That Pay Own Way," *The New York Times*, February 8, 1938.

[175] Belair, Jr., Felix, "President to Ask More Relief Funds Before Week Ends," *The New York Times*, February 9, 1938.

> Of course, much of the land would be under cultivation, or in forests or pasture. Prices would be graded according to the use of the land, on an entirely business basis.

The article stressed the President's "serious" interest in the proposal, indicating that, "The success of a similar highway between London and Brighton in England, on which President Roosevelt had recently had a report, has stirred up much of the present interest here."[176]

In an interview with Charles M. Upham, Engineer-Director of ARBA, Senator Bulkley explained that the tolls would not be in the nature of a tax. "They will be in the nature of payment for value received." For example, he cited savings in gas and oil from reduced travel time and less stop-and-start driving. As illustrated by Germany's autobahn network, Senator Bulkley anticipated savings by cutting down the number of accidents. National defense was another consideration, because the Bulkley superhighways would "facilitate transportation of men and materials and would also be particularly important if it became necessary to evacuate certain areas." Of course, the project would increase employment—at first, directly on the roads, then among suppliers, and finally in the general economy.[177]

The plan did spark some cynicism. The *Monitor* noted:

> Senator Bulkley is facing a stiff re-election fight, and much roadbuilding material and machinery—steel, and so on—is fabricated in Ohio . . . . The scheme is thought likely to be popular. Both as a vote-getting and as an economic stimulus.[178]

The President Calls for MacDonald

MacDonald was summoned to the White House, where the President drew a system of east-west, north-south transcontinental highways on a map of the United States and requested a report on them. He also wanted MacDonald to study excess condemnation, which had become one of the President's pet ideas. Roosevelt suggested that MacDonald look into its use on the London-Brighton highway in England.

MacDonald was skeptical, as reflected in his testimony before the Senate Banking Subcommittee on February 24, 1938. Asked about the Bulkley bill, MacDonald thought the time had come for Congress to study the idea, but cited unsatisfactory European experience with the toll concept on special motor roads. Italy, for example, had tried to finance highways in this way, but had abandoned the idea. "All I can say is that people dislike to pay toll charges anywhere." Acquisition of the right-of-way would be "a tremendous problem," he said. "It is a business in itself and should

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176 "Super-Highways: Help for Jobless Seen in Projects," *The Christian Science Monitor*, February 14, 1938.
177 Upham, Charles M., "System of Super Highways Being Planned by the Federal Government," *Mississippi Highways* April 1938, p. 26
178 Despite the highway plan, Senator Bulkley lost his bid for reelection in 1938. He returned to Cleveland to resume his law practice.

not be left to the State highway departments or the Bureau of Public Roads." He favored a separate agency for the task.[179]

In developing the internal study for the President, the BPR used data collected during extensive statewide highway surveys conducted throughout the country and funded with the 1½-percent fund created by the Hayden-Cartwright Act of 1934. As for excess condemnation, MacDonald checked with his British counterpart, then sent a message, dated February 14, 1938, to the President's secretary, M. H. McIntyre:

> The other day when the President was talking with me about highways, he mentioned that excess condemnation had been used in England. When I inspected the work in progress on the London-Brighton road, the road authorities did not mention any excess condemnation. I wired Major Frederick C. Cook, Chief Engineer of the British Ministry of Transport, asking if they were using excess condemnation, and he replied that it had not been used on the London-Brighton highway. I know that excess condemnation was used on two streets in London. Will you be good enough to ascertain from the President what leads I may pursue to find out more about the use of this policy?

Two days later, Roosevelt replied with a "MEMO FOR MAC," stating: "Tell him I cannot give him any more leads but anyway it is a sound policy."[180]

On April 16, 1938, MacDonald submitted a report on *Proposed Direct Route Highways* to the President's son, Colonel James Roosevelt, at the White House. The BPR found that, "A national system of direct route highways designed for continuous flow of motor traffic, with all cross traffic on separated grades, is seriously needed and should be undertaken." Probable traffic would not be "sufficient to liquidate through direct tolls the cost of high standard improvement for an extensive mileage of continuous routes . . . ." The report clarified this point to avoid misunderstanding:

> This does not mean, however, that such expenditures will not be actually paid for by the traffic. On the contrary, any expenditure actually required for the accommodation of the traffic on these highways will be more than repaid by the normal road-user taxes generated by their use.

Metropolitan sections and special facilities such as tunnels and bridges would be partially or wholly self-liquidating. The participation and cooperation of the States in developing direct route highways "is imperative." In short:

> The problem of providing a wholly adequate national system of highways is to provide a considerable number of new routes to relieve the congestion in the metropolitan areas and to modernize the standards of existing highways in rural districts.

[179] Associated Press, "Time Believed Ripe for Superhighway," *The Baltimore Sun*, February 25, 1938.
[180] FDR Library, OF 1e, Box 11.

Only a few States recognized the right of the public to take lands in excess of actual needs and to profit from the increased value of the excess lands. Because laws in most States were inadequate for the purposes of a national system of direct route highways, the report suggested that a Federal Land and Financing Authority could be established to acquire excess lands by eminent domain.

The report was not intended for the public, but it outlined an initial vision of what became the Interstate System.

Toll Roads and Free Roads

Congress did not approve the Bulkley bill or any of several similar concepts, but having heard of the BPR study, decided to ask for a formal report, as reflected in Section 13 of the Federal-Aid Highway Act of 1938. The BPR now had complete highway survey data from 46 States and the District of Columbia on which to base its analysis of the scheme described in the legislation (Delaware and New York were the exceptions).

On February 13, 1939, as the report was nearing completion, Secretary Wallace wrote to the President to place "a circumstance" before him. The Secretary summarized the report, including the conclusion that the toll network was not feasible. He added, "Incidentally, you will be interested to know that the transcontinental lines which you indicated for study have proved to correspond closely with the lines of heaviest flow of long distance travel." Congress had asked Chief MacDonald to submit the report, but the report "involves many of the things with which you have been concerned, and upon which you have already made pronouncements . . . ." He concluded:

> [Because] of the large amount of factual data which it contains with their great social and economic implications, it is certain to have considerable discussion, press comment, and quotation, it appears to us appropriate that you should transmit it to the Congress with any comments which you desire to make.

Through his secretary, Missy LeHand, Roosevelt sent word to Wallace and MacDonald that they must not do anything about "the transcontinental road report until the President gets back." The President, who was on a cruise, wondered if they could send him a copy on board ship. That proved to be impossible, but MacDonald did provide a 12-page digest on February 20.[181]

At a March 28 Cabinet meeting, Roosevelt expressed his views to Secretary Wallace. As summarized in a note by Mary Huss, Wallace's secretary:

> [The] President would like Mr. MacDonald's report revised so as to make it less probable that the Cities will be able to get from Congress Federal funds for doing work for which the Cities should pay, and that the President wants the report revised so as to lay more emphasis on through highways as a mechanism for National Defense.

[181] FDR Library, OF 129, Roads and Highways, Box 3.

In response, the BPR adjusted the introduction but not the body of the report.[182]

On April 11, Secretary Wallace transmitted the report to the President. In keeping with the President's desire for a stronger defense angle, Secretary of War Harry H. Woodring cosigned Secretary Wallace's letter. It summarized the finding that financing construction of the proposed roads through toll collection would not be possible. The letter also stressed the need for a system of direct interregional highways to meet national defense needs and the travel of motorists in their own vehicles, "a travel which, in addition to its immediate recreational benefits, is a powerful force for national unity."

The President asked Chairman McKellar to review the report. He responded that he thought it "splendid" and should go to Congress.[183]

Roosevelt was still reviewing the report on April 24, when he wrote to an aide:

> Will you find out from MacDonald of Highways where in this report I can find anything about the excess condemnation principle . . . and if this is analyzed is it given approval and put in the summary? If it is not in at all—why not?

The answer came back that day, citing references to excess condemnation in the report. In addition, that morning, MacDonald added a specific recommendation in the summary in support of excess condemnation.[184]

On April 27, the President transmitted the report to Congress. The first four paragraphs of the 10-paragraph letter summarized the report's support for "a special system of direct interregional highways, with all necessary connections through and around cities, designed to meet the requirements of the national defense and the needs of a growing peacetime traffic of longer range." He noted, too, the importance of improved facilities "in the general replanning of the cities."

The next four paragraphs discussed right-of-way acquisition, and explained the President's "great emphasis" on "excess-taking." This practice would reduce the cost, but it was also a matter of fairness to the Nation's taxpayers:

> [The] man who, by good fortune, sells a narrow right-of-way for a new highway makes, in most cases, a handsome profit through the increase in value of all of the rest of his land. That represents an unearned increment of profit—a profit which comes to a mere handful of lucky citizens and which is denied to the vast majority.

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182 FDR Library, OF 1e, Box 11.
183 FDR Library, OF 1e, Box 11.
184 FDR Library, OF 129, Box 3.

In the final two paragraphs, the President concluded:

> In its full discussion of the whole highway problem and the wealth of exact data it supplies, the report indicates the broad outlines of what might be regarded as a master plan for the development of all of the highway and street facilities of the Nation.
>
> I recommend the report for the consideration of the Congress as a basis for needed action to solve our highway problems.

The resulting report to Congress, *Toll Roads and Free Roads*, would be the first public opportunity for the BPR to clarify its vision of the necessary highway network. The BPR found that some toll corridors would work but that tolls could not finance the entire network. Rather than end on a negative tone in response to the congressional request, the report offered a constructive proposal called "A Master Plan for Free Highway Development."[185]

Two days before forwarding *Toll Roads and Free Roads*, the President had submitted Reorganization Plan. No. 1 to Congress. Among many changes, the plan called for the BPR to shift from the Department of Agriculture, its home since 1893, to a new Federal Works Agency (FWA), which would also be the home of the WPA, the Public Works Administration, and the U.S. Public Buildings Administration. In addition, the BPR would become the Public Roads Administration (PRA) and the title "Chief" would become "Commissioner of Public Roads." By a Joint Resolution dated June 7, 1939, Congress approved the reorganization, which went into effect on July 1, 1939.

The President appointed John M. Carmody as Administrator of the FWA. The Pennsylvania native had been Administrator of the Rural Electrification Administration.

The Federal Highway Act of 1940

In 1940, Congress was prepared to work on the reauthorization bill for the Federal-aid highway program in FY's 1942 and 1943. The President's budget message called for a reduction in the program to $146 million a year compared with $160 million in FY 1941.

At the start of the session in January, Senator Hayden and Representative Cartwright introduced bills with the authorization amounts left blank subject to hearings. When the dollar amounts were added to the House bill, Cartwright proposed to increase Federal-aid highway authorizations by a third, to $238 million a year. He reported the bill on April 29.

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[185] For information on how the BPR's vision evolved, see "The Genie in the Bottle" in the September/October 2000 *Public Roads* at http://www.fhwa.dot.gov/infrastructure/rw00c.htm. Also see "Designating the Urban Interstates" at http://www.fhwa.dot.gov/infrastructure/fairbank.htm.

While Senator Hayden and his committee worked on the Senate bill, the war, especially in Europe, worsened. On May 31, President Roosevelt issued a statement that began:

> The almost incredible events of the past two weeks in the European conflict, particularly as a result of the use of aviation and mechanized equipment, together with the possible consequences of further developments, necessitate another enlargement of our military program.[186]
>
> No individual, no group, can clearly foretell the future. As long, however, as a possibility exists that not one continent or two continents but all continents may become involved in a world-wide war, reasonable precaution demands that American defense be made more certain.

He called on Congress for over $1 billion in supplemental appropriations for preparedness as well as legislation giving him the authority to call the National Guard and Army Reserves to active duty if needed.

On June 2, Administrator Carmody issued a statement to assure the Nation that the FWA was able to meet the new defense demands:

> We are equipped to handle virtually any type of construction work needed for national defense that civilians can do. Roads, airports, military bases and facilities, piers, docks, armories, housing, railroad sidings, power, water and sewer systems—these and numerous other works necessary to full defense protection can be built without delay through the trained staff immediately available.

He also stressed the longstanding cooperation between the PRA and the U.S. Army.

The following day, President Roosevelt met with Vice President Garner and Speaker of the House William B. Bankhead (D-Al.)[187] as well as Representative Rayburn and Senator Barkley, the majority leaders in the two Houses. The President explained his plan to slash all government spending, excepting only activities directly connected with defense, by an average of 10 percent.

As a result of the changed circumstances, when Cartwright brought his bill to the House floor on June 3, he had cut the authorizations in his bill to $178 million. The 25-percent reduction eliminated much of the increase over the present year's authorization but the total was still above, rather than 10 percent below, the $160 million authorized for FY 1941. He explained:

> It was and is the considered judgment of the Roads Committee that the amounts first proposed . . . were reasonable and fully justified in view of the great need for continued highway work in all the States. However, at a special meeting last Wednesday the

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[186] The President was referring to the German blitzkrieg attack through Flanders in northern France.

[187] Speaker Bankhead was the son of Senator John Bankhead, the strong good roads advocate and sponsor of the Federal Aid Road Act of 1916.

> committee agreed to amendments to the bill reducing all items 25 percent, with the understanding that the House leadership would cooperate in arranging for the bill to be considered and passed today under suspension of the rules. It is understood that with these reductions the bill will not be in conflict with the program of the President.
>
> In other words, the committee felt that three fourths of a loaf was better than no loaf at all.

Representative James Mott (R-Or.), a member of the Committee on Roads and an anti-Roosevelt Republican, was blunter. He was opposed "to any reduction whatever in the 1940 bill," but he understood why a majority of the committee decided that some reduction was necessary:

> One reason was that we are at present in a national emergency which is requiring huge expenditures for national defense, and that a majority of the committee were convinced that if the 1940 authorization carried as much as $238,000,000, the President would not sign this bill. In fact he did threaten to veto the bill if it carried more the $100,000,000. My own opinion is that a $238,000,000 road bill could have been passed over the President's veto. The trouble is, however, that if we had waited to bring up the bill in the regular manner it would have been so close to the time of adjournment that the President could have given it a pocket veto after adjournment, thus depriving us of the opportunity of undertaking to pass it over the veto.
>
> The committee decided, therefore, to do the most practical thing in the circumstances. We reached an agreement with those who control the procedure on the majority side that if the original authorization were reduced by 25 percent the bill would be called up immediately under suspension of the rules, and they also undertook to give us reasonable assurance that if this bill were passed that it would become law. That is the reason the bill comes before the House under suspension . . . .
>
> I do not say the President will not veto this bill . . . because the President has never withdrawn his threat to veto any road bill which carried more than $100,000,000. But I do say that this bill, under our agreement, will be passed in time to compel the President, if he does veto it, to do so while the Congress is still in session. It will prevent him from giving it a pocket veto.

The bill passed the House the same day.

The Senate bill emerged from committee on June 17 and was considered on the Senate floor on June 22. Senator Hayden had reduced funding to $160,500,000 a year, mainly by reducing grade-crossing elimination funding to $20 million, instead of $50 million as in the House bill. The Senate added a provision to the bill that was a significant departure from the traditional Federal-aid highway program, which was based on State selection of projects. It provided that the Commissioner of Public Roads shall give priority to recommendations of the Army and Navy in approving State highway projects.

The Conference Committee formed to create a single bill out of the two versions completed its work in August. The final bill authorized $163.5 million a year. The provision on project priorities was changed to state that the Commissioner "may give priority of approval to, and expedite the construction of, projects that are recommended by the appropriate federal defense agency as important to the national defense." The key change—"may" instead of "shall"—gave the Commissioner flexibility in adopting or rejecting the defense agencies' recommendations.

President Roosevelt approved the legislation on September 5, 1940, just 2 months before going before the voters for an unprecedented third term, which he earned by defeating businessman Wendell L. Wilkie, although the victory was not as decisive as the President's victory over Governor Landon in 1936.

In his Inaugural Address on January 20, 1941, the President continued the Nation's move toward support of Great Britain and its allies. He concluded:

> The destiny of America was proclaimed in words of prophecy spoken by our first President in his first inaugural in 1789—words almost directed, it would seem, to this year of 1941: "The preservation of the sacred fire of liberty and the destiny of the republican model of government are justly considered ... deeply, ... finally, staked on the experiment intrusted to the hands of the American people."
>
> If we lose that sacred fire—if we let it be smothered with doubt and fear—then we shall reject the destiny which Washington strove so valiantly and so triumphantly to establish. The preservation of the spirit and faith of the Nation does, and will, furnish the highest justification for every sacrifice that we may make in the cause of national defense.
>
> In the face of great perils never before encountered, our strong purpose is to protect and to perpetuate the integrity of democracy.
>
> For this we muster the spirit of America, and the faith of America.
>
> We do not retreat. We are not content to stand still. As Americans, we go forward, in the service of our country, by the will of God.[188]

Highways for the National Defense

On June 21, 1940, as part of the mobilization, the President asked Carmody for a study of the ability of the Nation's highways to meet defense needs. The President's brief letter read:

> In order that we may be assured of the adequacy of our highway system to meet the needs of our national defense, I would like you, in collaboration with the Advisory Commission to the Council of National Defense and the War and Navy Departments, to have the Public

[188] Roosevelt, Franklin D., *Inaugural Addresses of the Presidents of the United States*, Government Printing Office, 1974, p. 246-247.

> Roads Administration of your Agency make a survey of our highway facilities from the viewpoint of national defense and advise me as to any steps that appear necessary.
>
> I suggest that particular attention be paid to the strength of bridges, the width of strategic roads, adequacy of ingress to and egress from urban centers, and the servicing of existing and proposed Army, naval, and air bases.[189]

As part of the study, the Department of War updated its map of strategic highways, the latest version of a map first drawn in 1922, to help the PRA and the State highway agencies ensure critical roads were included in the Federal-aid system.[190] For the report, the PRA used an interim map approved by the Secretary of War on November 20, 1940, illustrating a 74,600-mile network. (The refined map, dated May 15, 1941, and showing 78,000 miles of strategic roads, would be approved after the PRA completed its report.)

Commissioner MacDonald submitted the PRA's report to Carmody on February 1, 1941, with a transmittal letter stressing the changing nature of warfare as a result of Germany's aggressive actions:

> [Following World War I] France built the Maginot line of defense fortifications, a conception based upon tradition and the historical pattern of previous wars with Germany. Holland relied upon her neutrality and perhaps her below-sea-level possibilities of flooding the land. These and other similar considerations may have influenced the planning of the German military machine. The relatively small number of motor vehicles and production capacity in the countries of Europe, so totally unlike the conditions in the United States, provided a rare opportunity to the German General Staff. At the very moment England was imposing limitations upon the motortruck [sic], Germany was subsidizing its use and, as a major national policy, engaging on a magnificent scale in the construction of a national system of super highways. The mileage actually completed before Germany's war machine went into action could not have had more than a limited utility, but the whole scheme was symbolic of Germany's conception of the new technique of warfare based upon fast and coordinated movement of mechanized power units over the land, upon the sea, and in the air.

Highways for the National Defense defined two types of defense roads:

> First. The road program primarily required for defense operations.
> Second. The road program required to improve inadequate sections of the strategic network.

The first type, known generally as access roads, required essential improvements of an emergency character. These roads were in the Federal reservation areas of Army cantonments, depots, and

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[189] *Highways for the National Defense: A Report to the Administrator, Federal Works Agency, Mr. John M. Carmody by the Public Roads Administration*, February 1, 1941, Senate Committee Print, 77th Congress, 1st Session, p. 1.
[190] For information on the origins of the map, see *America's Highways 1776-1976*, p. 142.

bases, as well as the shore establishments of the Navy; access roads of short mileage from main highways, railroads, and waterways to Army and Navy reservations and industrial plants engaged in defense production; and tactical roads providing access to more or less isolated points of strategic importance, generally along the coasts and borders.

The strategic network linked all important centers of defense industry and all military and naval concentration points. The main lines, as noted in the PRA's report, were included in the inter-regional network of toll-free express highways recommended in *Toll Roads and Free Roads*. The report explained:

> Since, in its main lines at least, the strategic network is heavily used by civil traffic, and since purely military traffic imposes few if any highway requirements superior to those required for the adequate accommodation of civil traffic, it follows that almost any improvement that may be made to facilitate movement of traffic will be serviceable to an important civil-traffic stream as well as to military movements and defense traffic.

While access roads needed immediately for defense operation could be improved quickly, the report explained that upgrading the strategic network "can only be regarded as a long-time operation, and a practically continuous undertaking." In suggesting how costs should be allocated, therefore, the report relied on "the principle of major use":

> The access roads, as to the traffic to be served or as to their priority, are in the main requirements of the defense program. The development of the strategic network is very largely required by civil traffic, but the potential defense needs will advance the priority of many projects.

The report recommended an appropriation to the PRA of not less than $150 million to pay all costs, including the cost of right-of-way acquisition, to correct the most serious deficiencies in access roads needed for military and naval reservations and defense-industry sites, and $25 million to improve tactical roads and reimburse out-of-pocket costs of State and local governments for repairs necessitated by the occasional use of roads for defense-related purposes.

For the strategic network, the most serious deficiencies involved 2,436 bridges with insufficient load capacity, 5,090 miles of rural roads less than 18 feet wide, and roads totaling 14,000 miles that did not have an all-weather surface. The report estimated that $458 million would be needed to eliminate these serious deficiencies. However, the report recommended a supplementary appropriation of not less than $100 million solely for this purpose:

> This appropriation should be prorated to the States on the existing Federal-aid basis, and used solely for designated defense projects. It should be available to pay all legitimate costs of the projects on a somewhat higher basis of Federal participation than the existing 50-50 basis, but otherwise should be expended under the provisions of the Federal highway legislation.

The report also requested $12 million for engineering surveys and plans for the strategic network, with the funds to be apportioned and matched on the standard basis of the Federal-aid highway program.

In forwarding the report to the President, Carmody stressed the cooperation received from defense officials and the State highway departments. Regarding the States, he said:

> These existing, well-organized highway organizations, cooperative in spirit, are in a position to furnish an irreplaceable and immediate contribution to quick action in the phases of the defense program dependent upon highway transport.

He stressed that preparation of the report had gone beyond road needs in anticipation of a new program:

> Finally, we have received assurances of complete cooperation from the equipment manufacturers, the material producers and the highway contractors through their organized associations, in carrying forward the programs of construction in line with the best traditions of service to meet the country's requirements which are a product of this critical period.[191]

During a February 7 press conference, the President said he would seek authorizations from Congress for a post-defense public works program to lessen the effect of economic repercussions when the war ended. The projects would be an economic cushion for the return to a civilian economy.

One observer of the press conference was an anonymous PRA employee who summarized the portion of interest to the FWA:

> The President said at his morning press conference today that Commissioner MacDonald was coming in to see him today to discuss "through national highways," which are his "favorite subject," civil and military highway needs, and the problem of excess condemnation. The President indicated that at this session of the Congress "certain authorizations" for public works would be introduced, and that highways would be a large part of the after-war national program to "take up the slack" of a reduced arms program.

According to the observer, the subject arose when the President was asked about proposals for a "defense super-highway" between Washington and Baltimore. Although the President was not familiar with the proposal, he wanted "a reservoir of public works projects, the President said, which will be all ready to start, or nearly so, to take up the slack." The report continued:

> You may see at this session, he went on, certain authorization bills for public works – bills without appropriations.

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[191] *Highways for the National Defense*: A Report to the Administrator, Federal Works Agency, Mr. John M. Carmody, by the Public Roads Administration, Senate Committee Print, 77th Congress, 1st Session, February 1, 1941.

> This will mean, he said, that Congress will determine the type of work that is to be done – that is to be placed in this reservoir of projects. It does not mean that the money will be provided, merely that the work will be on the shelf, ready for quick action.
>
> One of the types of work planned is highways. Tom MacDonald, the President stated, is coming in to see me at 12:15 about through national highways, a favorite subject of his. We will talk over all highway problems – civil as well as military.
>
> And we are also going to talk about what I think is called excess condemnation – also a subject which MacDonald has given a great deal of thought.
>
> This "excess condemnation," the President explained, means that the gov't will take advantage of the added increment that occurs to real estate when a highway, for example, is put through virgin territory. As an example, for instance, a man's farm might increase in value from five to ten thousand dollars. It is proposed that the Government buy more land than it needs for a 100-foot right-of-way, and get the benefit of this added value. Land thus acquired would be sold by the Government over a period of years.
>
> In this way, the President said, the Government will get a profit and be able to pay back a large part of the whole of the capital cost.

The President also explained that one of the possibilities for a "reservoir" of public works would be a highway along the entire length of the Atlantic Coast. "Now I don't know where this might go, the President added – it might run along Chesapeake Bay – it might go any number of routes."

Asked about other types of public works that might be in the reservoir, the President cited hospitals, airports, housing and other public works that would yield the government a revenue.

After meeting with the President at 12:15, MacDonald told reporters that he did not know what authorizations would be requested for highways. He said his conversation covered only non-defense projects that might employ defense workers when the rearmament program slowed.[192]

On May 27, 1941, President Roosevelt reacted to events in Europe by issuing a statement proclaiming an "unlimited national emergency." Germany was attempting to secure bases in Iceland, Greenland, the Azores, and elsewhere to control shipping in the Atlantic Ocean. The proclamation cited the limited national emergency declared on September 8, 1939, following the outbreak of war in Europe, then referred to:

> . . . a succession of events [that make] plain that the objectives of the Axis belligerents [Germany, Italy, and Japan] in such war are not confined to those avowed at its commencement, but include overthrow throughout the world of existing democratic order,

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192 "President Plans Post-Defense Jobs" and Associated Press, "MacDonald sees President," *The New York Times*, February 8, 1941; "White House Press Conference – February 7, MacDonald Papers, Texas A&M University, MAC 0189.

> and a world-wide dominion of people and economies through the destruction of all resistance on land and sea and in the air.

Declaring that "indifference on the part of the United States to the increasing menace would be perilous," the President proclaimed that an unlimited national emergency confronted the country "which requires that its military, naval, air and civilian defenses be put on the basis of readiness to repel any and all acts or threats of aggression directed toward any part of the Western Hemisphere."

In a radio address, the President summarized the steps the United States had taken to aid Great Britain in its steadfast resistance to German attacks. He stated that Germany's objective, should it defeat Great Britain, was world domination:

> Some people seem to think that we are not attacked until bombs actually drop in the streets of New York or San Francisco or New Orleans or Chicago. But they are simply shutting their eyes to the lesson we must learn from the fate of every nation that the Nazis have conquered . . . . Nobody can foretell tonight just when the acts of the dictators will ripen into attack on this hemisphere and us. But we know enough by now to realize that it would be suicide to wait until they are in our front yard.

His broadcast statement concluded:

> Therefore, with profound consciousness of my responsibilities to my countrymen and to my country's cause, I have tonight issued a proclamation that an unlimited national emergency exists and requires the strengthening of our defense to the extreme limit of our national power and authority.
>
> This nation will expect all individuals and all groups to play their full parts without stint, without selfishness and without doubt that our democracy will triumphantly survive.
>
> I repeat the words of the signers of the Declaration of Independence—that little band of patriots, fighting long ago against overwhelming odds but certain, as we are now of ultimate victory: "With a firm reliance on the protection of Divine Providence, we mutually pledge to each other our lives, our fortunes and our sacred honor."

The Battle Over the Defense Highway Act of 1941

As the crisis intensified, President Roosevelt submitted a message to Congress on implementing the findings reported in *Highways for the National Defense*. He summarized the report and expressed the hope that "readjustment in highway programs now authorized may release additional funds for meeting in part these new requirements." He requested $100 million to improve access roads, but did not believe that strengthening the entire strategic network at a cost of $458 million was a necessity. "There is a need, however, for giving immediate attention to strengthening bridges in key areas [and] the widening of the surface of some highways in these key areas." He requested $25 million for this purpose. He cautioned Congress on distribution of the funds:

> No attempt should be made to apportion funds for access roads in the manner in which funds are apportioned under the Federal Highway Act.[193]

Carmody submitted a bill, the Defense Highway Act of 1941, embodying the President's recommendations.

Engineering News-Record observed that the amounts requested by the President "differ markedly" from those in the PRA report ($125 million compared with $287 million):

> Considerable sentiment exists in Congress for providing a larger sum than that suggested by the President. It is possible that the amount might be raised to as much as the full $350,000,000 needed for access roads.[194]

By the time the Committee on Post Offices and Post Roads began hearings on the bill on June 4, Senator Hayden and Congressman Cartwright had introduced a modified version of the bill "to authorize appropriations during the national emergency declared by the President on May 27, 1941, for the immediate construction of roads urgently needed for the national defense, and for other purposes." It was silent on dollar amounts, but indicated that funds for strategic highways were to be authorized to be appropriated in accordance with the apportionment formula in the Federal Highway Act. The Commissioner of Public Roads was to provide, by contract or otherwise, for construction and improvement of access roads. According to *Engineering News-Record*, the President's bill was receiving "only perfunctory consideration, and, even from government officials, has obtained very tepid approval."[195]

The Senate passed its version of the bill on June 16, while the House approved a different version on July 21. Following a Conference Committee of the two Houses, the Congress approved the bill on July 29. The final version, with authorizations totaling $295 million, closely followed the recommendations in the PRA report. The bill authorized $125 million to be apportioned to the States under the Federal-aid formula to correct deficiencies in the strategic network of highways; $150 million for access roads to military and naval reservations and defense-industry sites, with projects to be selected by the Federal Works Administrator; $10 million for flight strips along highways for emergency airplane landings; $10 million for planning; and up to $25 million to reimburse local communities for highway damage resulting from Army maneuvers.

On August 2, 1941, President Roosevelt vetoed the bill. His veto statement explained that he objected to the $125 million for strategic highways and apportionment of the funds in accordance

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[193] Hearing before the Committee on Post Offices and Post Roads, United States Senate, on S. 1580, Defense Highway Act of 1941, Committee Print, June 4, 1941, p. 4-5.
[194] "Access Road Appropriation Recommended by President," *Engineering News-Record*, June 5, 1941, p. 57.
[195] "Defense Road Bill Covers Many Types of Activity," *Engineering News-Record*, June 12, 1941, p. 1.

with the Federal-aid formula:

> The critical deficiencies in highways and bridges that may require prompt correction in the interest of our national defense cannot be reasonably related to the population of States or the other factors which enter into ordinary apportionment. The result, therefore, is the necessity for the appropriation of a far larger sum of money to meet immediate requirements than would be necessary if these funds were applied to critical deficiencies without the apportionment method. In fact, it is quite possible that the most critical deficiencies in some areas may not be corrected even with the sum authorized in this bill. I am unable to approve this method of expending money for the immediate national defense and for which I recommend a total of $25,000,000 without apportionment.

In short, he objected to formula distribution to the States "without any further review by the executive or legislative branches." By contrast, he was satisfied with the funds for access roads, although the amount was $50 million more than had been recommended, because the Administration would be able to direct the funds to specific projects. He summarized his view:

> Such a distribution formula entirely disregards, it seems to me, the main purpose to be accomplished, which is that of providing highway construction in particular areas, and in those areas only, where there is immediate need of such construction in the interest of our national defense.

He objected to other provisions of the bill. A provision that established eligibility for buying and developing off-street parking when on-street parking was prohibited was not "a proper expenditure of Federal money" even on highways included in the strategic network "where the possible benefits of such expenditures are dependent upon local enforcement of parking laws or regulations." He also objected to a provision that allowed the recall of retired PRA employees during the emergency and the detail of an unlimited number of employees to study at technical institutions at Federal expense.

In the Senate, Senator Hayden led the effort to override the President's veto of the Defense Highway Act of 1941. He began on August 5, but his sustained argument took place on August 6. He recalled his role in passage of the emergency bill in 1933 and in opposing the President's attempt in 1937 to alter the long-standing method of funding the Federal-aid highway program. He also reminded his colleagues of the bureaucratic opposition to allowing money to be spent without their control.

Senator Hayden expressed surprise that the President had vetoed a bill that closely followed the recommendations of a report by one of his own agencies. The Senator was particularly surprised by the view that apportionment under the Federal-aid formula would prevent the funding from meeting critical needs on defense highways:

> It is known in every State exactly what is to be done, on the basis of a 6-month engineering investigation made by the Army engineers under the direction of the corps-area

> commanders, by the State highway engineers, and by the engineers of the Public Roads Administration.

The States knew exactly where "the worst situations are" and the funds for their correction "will permit the most important things to be done."

He explained that the President forwarded the bill to every agency with an interest in roads for defense. All had approved the bill, except two.

> There are only two agencies in the Government which could have helped the President prepare the message, so far as I can make out. One is the Bureau of the Budget and the other is the National Resources Planning Board. The Bureau of the Budget have never liked the idea that they could not juggle highway appropriations whenever they wanted to. The Bureau of the Budget has consistently objected to that feature of our highway legislation which makes the apportionments to the States contractual obligations on which the States can rely with absolute certainty. So we have here a question of principle, whether or not the Congress shall maintain a policy established in 1916 which will assure to the States that they can absolutely depend upon a certain sum of money apportioned to them under a well-known and established rule, or whether we shall abandon it and allow the matter to be handled by bureaucrats here in Washington, not one of whom ever built a mile of road, whether as a contractor or as a supervising engineer.

(Hayden did not discuss the National Resources Planning Board (NRPB), which had been created by Reorganization Plan No. I of 1939, the same plan that shifted the BPR out of the Department of Agriculture and renamed it the PRA. The NRPB was headed by the President's uncle, Frederic A. Delano, with a mission to coordinate Federal planning related to conservation and use of national resources, conduct long-range research studies, stimulate local, State, and regional planning, and perform special duties related to the national defense. However, it earned the particular distain of Republicans, who claimed it was at the forefront of what they perceived as Roosevelt-era agencies leading this country into socialism.[196])

He referred to release of the PRA's report on February 1 and its important findings, such as the deficiency of 2,436 bridges on the strategic network, and the clear necessity for action:

> Nothing was done during the month of February, the month of March, and the month of April. Finally I went down to the War Department to find out the cause of the long delay. I said, "Gentlemen, do you want these roads? Do you want the work done?" They said, "Yes; but we do not want the headache that goes along with it." I asked what they meant and was told: "We have had nothing but grief here for weeks in trying to locate army camps throughout the United States. Every town in the country which thought it ought to have an

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[196] The Independent Offices Appropriation Act of 1944 (57 Stat. 169), approved June 26, 1943, killed the NRPB, effective August 31, 1943, by not appropriating funds for it in FY 1943. The liquidation was completed by January 1, 1944.

> Army camp somewhere near sent enterprising chamber of commerce representatives to Washington trying to secure a camp in its neighborhood, and got some Senators and Representatives to plead their cause. Those representatives did not want to see a major or a colonel, but they wanted to see a general, and have him authorize the location of a camp in their town. We do not want to be subjected to the same kind of pressure for the improvement of particular roads on the strategic network."
>
> I said, "If that is all your trouble, we can avoid it completely. We can apportion this money among the States just as it has always been done, and then Senators and Representatives will not be called upon to come down and see the Chief of Staff, or anyone else, about the location of highway improvements."
>
> Because it would put the responsibility on them, the Army is opposed to handling this money in the way the veto message suggests. If money for strategic highways is not apportioned but is merely handed over to the Army, then everyone who wants a road will come to Washington to get his road, and will ask his Senator or Representative to help him do it. If the money is spent as proposed in this bill the work will be done by the States as the result of a study covering 6 months, with the advice of the corps area commanders and the Public Roads Administration.

Chairman McKellar joined Senator Hayden in opposing the veto. "It is a national-defense bill, and in my judgment the best possible road bill for national defense purposes that could be evolved, because it is based upon a network of roads which have been selected by the War Department." He endorsed expending the funds through the PRA under MacDonald, "one of the most capable men in the Government service." He added:

> As a practical matter and as an economic matter it would be better for the roads to be built under the direction and control of Mr. MacDonald, who has wide experience, than to be built by Army officers or officers in some other department of the Government who have had no experience . . . . I do not know of any road organization in the United States which could build the roads as cheaply, as efficiently, and as free from political bias and control as could the organization presided over by Mr. MacDonald.

He also defended the increased Federal share of 75 percent for the projects:

> Why? Because the roads are defense roads.

Senator H. Styles Bridges (R-NH.) asked why the President would veto a bill that was in the interest of national defense and would keep the administration of the funds nonpolitical. McKellar replied:

> I have not the slightest notion. The President did not talk to me about it, or I should certainly have urged him not to veto the bill . . . . The Army had laid out the roads which it

> wants improved for defense purposes. The bill provides the best and cheapest way of building or improving such roads.

The bill, he added, could not "be called political in any way."

As to the President's objection that formula apportionment would preclude improvement of many critical roads, Senator McKellar said:

> If there are some in every State, why should not the money be spent in every State? Why turn over the $125,000,000 to some official in Washington and let him spend it where he pleases?

Senator Arthur H. Vandenberg (R-Mi.), one of the President's many Republican critics, said "I do not want to prejudice the President's case by presenting a defense of it from this [Republican] side of the aisle." The President, he said, "had fallen upon evil days" when he had to depend on "the senior Senator from Michigan for his spokesmanship." Nevertheless, the Senator explained:

> I think this is one instance in which the President is completely and eternally right, and I think the equation is far simpler than has thus far been presented to the Senate. It is simply the question whether $100,000,000 is still worth saving.
>
> Underneath all this wordy devotion to the principle of protecting the old matching and apportioning theory for State highway construction with Federal aid is one simple fact, and that simple fact is that the President says if he is permitted to proceed according to his method of building special defense roads he can do for $25,000,000 what this bill requires $125,000,000 to do.

Although Senators Hayden and McKellar had argued that the long, successful history of the Federal-aid highway program established a precedent, Vandenberg pointed out that by seeking a 75-percent Federal share, the bill was breaking with precedent. When Senator McKellar pointed out that the Federal share had been changed but not the system of operation, Vandenberg said the ratio was part of the system. Senator McKellar replied:

> The system remains. These are defense roads; this is a national proposition; this money is to be spent for national-defense purposes.

"Certainly," said Senator Vandenberg, but the funds ought to be spent where defense needs are, "not all over the 48 States merely because all the 48 States would like to get on this gravy train."

Senator McKellar countered by saying:

> But the money ought to be spent in States where the Army defense roads are needed. The Army has stated where they are needed. Does the Senator think that in some way the

> method of building these roads should be changed so as not to conform to what the Army recommended in any State?

A colloquy followed based on the fact that Senator Vandenberg had long opposed President Roosevelt:

> Mr. Vandenberg. I really, in spite of my other reservations, can trust the President to consult the War Department in respect to this matter.
> Mr. McKellar. I think the Senator ought to be complimented. I have been here for more than 8 years under the administration of Mr. Roosevelt, and, so far as I recall, this is the first and only time the Senator has ever argued that President Roosevelt should be trusted.
> Mr. Vandenberg. Well, this is the first and only time I can remember that the President has ever said anything about economy. [Laughter.]

Following the discussion, the Senate voted, 57 to 19, to override the President's veto.[197]

The House of Representatives considered the issue on August 7, with Cartwright leading the effort to override the President's veto. After discussing *Highways For The National Defense*, he said he rejected the idea of letting Federal officials select the projects to be improved. Like Senator Hayden, Cartwright believed that other forces were behind the President's veto:

> Now, I have great respect for the President's judgment when he gives a proposition matured thought, but in this instance there is little or no doubt the Budget Bureau is back of the . . . veto message. Some have said this is "pork barrel" legislation. It is the most non-pork barrel, non-log-rolling, and nonpolitical legislation we can possibly pass. Mr. Speaker, no better system of distribution of Federal funds has ever been devised by the minds of men. Personally, I prefer the judgment of the States because they know the weak places in their highways. I prefer the judgment of the Public Roads Administration engineers. I prefer the judgment of the Army engineers—especially do I prefer their judgment after 6 months of careful investigation and survey.

The bill, he said, had the support of the War Department, the PRA, and the Transportation Division of the Advisory Division of National Defense:

> We have a lingering suspicion that this bill is opposed by the National Resources Planning Board, of which Mr. Delano is Chairman. We know this bill is opposed vigorously by the Budget Bureau. I ask you, What does the Budget Bureau know about building highways, defense or civilian?

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[197] McKellar served as Chairman of the Committee on Post Offices and Post Roads through the 79th Congress (until August 2, 1946) and remained in the Senate until he was defeated in Tennessee's 1952 Democratic primary by Representative Al Gore, Sr. After winning the election in November, Gore was assigned to the Committee on Public Works. When the Democrats regained control of the Senate in 1955, he became Chairman of the Subcommittee on Roads. He was one of the principal authors of the Federal-Aid Highway Act of 1956.

Cartwright summarized his argument:

> It all simmers down to whether or not Congress shall maintain the policy established 25 years ago, or admit the Bureau of the Budget knows more about highways than the State highway departments, the Public Roads Administration, the United States Army engineers, and the Congressmen who come directly from the people.

Many Members rose to agree with the Chairman, several citing the role of the autobahn in sustaining Germany's war effort. For example, Congressman Jed J. Johnson (D-Ok.) said:

> Only a few months before the Munich conference I went from one end of Germany to the other after attending, as a delegate from the United States Congress, the Interparliamentary Union Conference in the city of Paris. When I saw those three- and four-lane highways leading almost in every direction as straight as a crow can fly, from the city of Berlin, I knew that Germany was really preparing for war. That was an important phase of national defense that France and many of the other countries overlooked. It is a thing that the United States has seriously neglected, a matter that this bill seeks to, in part at least, cure.

Representative Mott rose to speak in support of overriding the veto. As one of the many Republicans who despised the President and his "planners," he began by stressing that "I speak to you not as a partisan." In his 8 years on the Committee on Roads, he said, politics had "never entered into the consideration of any bill." He considered the President's veto "the most serious task that has confronted [the House] in the whole history of highway legislation."

Mott was convinced that the President, in this instance, "has been very, very seriously misled and misadvised." He said that all committee members regretted that the President had "succumbed to this bad advice," explaining:

> This veto does not come to us entirely as a surprise. For 8 years we have been having this same trouble. For 8 years there has been a conflict between the President and the Congress on the fundamentals of road legislation. The effort of a group of bureaucrats here in Washington to influence the President to veto every road bill so that they could have the entire control of Federal road building has been continuous during all of that time.

He said he knew who the misleaders were:

> He referred it to the National Resources Planning Board. He did not refer it to his highway experts. He referred it to this group of incompetent political amateurs. Those who have had experience with the National Resources Planning Board know what that body has always been in the habit of doing with all legislation referred to it, unless it is the purpose of that legislation to confer absolute discretionary authority on the President.

Congressman Samuel F. Hobbs (D-Al.) joined other members who praised Commissioner MacDonald and the PRA and who had joined Chairman Cartwright in making this bill "the irreducible minimum of authorization to make effective the stupendous defense effort of America in this crisis":

> Ice would sell high in hell if you could get it there. But there is but one highway leading to that hot destination, and that one runs through the realm of immorality, and is wholly unsuited for the transportation of ice. Of what practical use is it to produce ammunition and munitions of war for the defense of the Nation unless we can transport this material to the places where it is most needed in time of sudden attack?

Other Members agreed with the President. Congressman John J. Cochran (D-Mo.) supported the President's comments about the $125 million to be apportioned among the States for improving critical strategic highways:

> This must be done, understand, regardless of whether or not national-defense highways are needed in a State. Now it seems to me, while I admit that it was an excellent bait to get votes, that the Congress should have specifically advised that the $125,000,000 be used where it was most needed rather than allocated among the States regardless of whether it was urgently necessary, and that is the President's view.

He added:

> Where, let me ask, could there be more waste in allocating money to a State or States for roads needed from a national-defense standpoint, when a careful survey of that State has clearly indicated there is no necessity for an expenditure for that purpose. Rather than allocate this money among the 48 States of the Union let it go to those States regardless of where they are located where the need is most urgent.

Congressman Herman P. Eberharter (D-Pa.) acknowledged that the veto had been a surprise, but "only among those who are not thoroughly familiar with the provisions of the bill." He asked the Members to think what it means to distribute the strategic highway funds by Federal-aid apportionment formula:

> On the one hand it means that States which are not in any need whatsoever of funds for defense highways will automatically be entitled to a proportion of the $125,000,000, based upon their population, area, and number of post roads—while, on the other hand, States wherein there is urgent and dire need of immediate and large-scale construction of defense highways, will be limited to an amount far below their absolute need . . . . What in the world has such a method of allocation got to do with defense highways; what has it got to do with defense bridges; what has that sort of method of allocation got to do with any emergency?

He realized that many Members were "timid about voting against any so-called emergency appropriation," he said, "but this is an instance wherein the word 'emergency' is being used to tap the till of Uncle Sam for nonessential construction and improvements." The provision on parking facilities "shows to what an alarming extent the Congress can go when beguiled by the awe-inspiring word 'emergency.'"

Congressman Adolph J. Sabath (D-Il.) was concerned about influence, but not by the agencies that had influenced the President to veto the bill:

> The gentlemen of the committee complain that the Bureau [of the Budget] has recommended a veto of the bill and that we must show them that they do not possess greater power than Congress. Oh, yes; that will appeal to many of the Members, but they fail to mention the pressure and the lobby that has been active—not connected with the Government, but with industry, who have been strenuously working for the passage of this legislation.

He considered the bill a "pork barrel" bill and asked those who favor cutting the budget for reasons of economy, "What possible excuse can the would-be economy advocates give in not voting to sustain the President?"

The Senate having rejected the veto by a three-to-one majority, Cartwright was confident of an even larger percentage in the House. After an hour of debate, the House voted, resulting in what *The New York Times* called a "parliamentary snarl" caused by Rayburn, who had become Speaker of the House on September 16, 1940, following Speaker Bankhead's death the day before. Rayburn called for a recapitulation of the roll-call vote without announcing the result. The *Times* article explained:

> Bombarded by points of order when he declined to reveal the vote before the recapitulation, Speaker Rayburn stuck to his guns, reading from the House Rules and Cannon's Procedures. At the same time he ruled that it was in order for members to change their votes.

Several Members switched positions, but in the end, the President's veto was sustained by two votes in a vote of 128 for sustaining the veto and 251 for overriding.[198]

The Senate quickly turned to revising the vetoed legislation and passed a bill before the August recess. Cartwright introduced a revised bill in October. Both Houses approved the final version of the bill in November:

- It cut funding for strategic highways to $50 million, with half apportioned by Federal-aid formula and half allocated by the Federal Works Administrator based on need.
- The Federal-State matching ratio of 75-25 was extended to any Federal-aid highway project on a strategic highway.

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[198] "Veto of Road Bill Wins by 2 Votes," *The New York Times,* August 8, 1941.

- The bill authorized $150 million for access roads without apportionment or a matching requirement. Instead, "due consideration" should be given in expenditure of the funds to States that had expended their own funds "for immediate construction of roads and highways deemed essential to the national defense."
- The bill retained the $10 million for roadside flight strips and the off-street parking provision, limited the PRA to sending 10 employees to technical schools, and dropped the recall of PRA retirees during the emergency.

While Congress was working on the bill, the PRA and the Office of Production Management (OPM) agreed on a procedure for setting priorities for highway projects at a time when materials were in short supply for anything but defense-related projects. On August 30, OPM wrote to Commissioner MacDonald to outline the preference rating system the PRA and State highway departments would use. Projects would be rated based on the class of project (access roads, strategic network of highways, Federal-aid system, Federal-aid secondary and National Park and Forest Projects, construction of the Inter-American Highway, and construction of the Trans-Isthmian Highway and the Chorrera-Rio Hato Highway in Panama). Those ratings could be shown to suppliers as they allocated their resources.

The situation in Europe continued to deteriorate. On November 11, 1941, President Roosevelt had gone to Arlington National Cemetery to commemorate Armistice Day, a day that celebrated the end of the first World War.[199] He declared that the anniversary had "a particular significance in the year 1941." Referring to the heroes of that earlier war, he said:

> We know that these men died to save their country from a terrible danger of that day. We know, because we face that danger once again on this day . . . .

The people of America, he said, "believe that liberty is worth fighting for. And if they are obliged to fight they will fight eternally to hold it."

With war concerns growing, Treasury Secretary Morgenthau renewed his call for reduced highway expenditures on November 14 during an appearance before the Joint Congressional Committee on Non-Essential Expenditures, chaired by Senator Harry Flood Byrd (D-Va.). He recommended that Congress rescind the $139 million in Federal-aid highway authorizations for FY 1943, due to be apportioned among the States by January 1, 1942:

> This would result in a reduction of expenditures for public roads in the fiscal year 1944 (July 1, 1943, to June 30, 1944). Inasmuch as money spent by the government is matched by the states, a reduction in the federal road expenditures will most likely bring a desired reduction in highway expenditures by the states.

[199] Armistice day, November 11, was renamed Veterans' Day by legislation in 1954 to honor the servicemen and women of all America's wars.

> State and local authorities should be requested to defer undertaking new projects, even though allotments have already been made for them. Other major projects already under way which can be appropriately discontinued or curtailed should be suspended.
>
> Any new roads or enlargement of existing road facilities required by national-defense activities could be specifically authorized as defense projects.

The Secretary did not confine his recommendations to the highway program. Overall, he called for a reduction of $1 billion in expenditures for highways, reclamation, river and harbor improvements, and other nondefense activities. Reduced construction activities, he said, would have "multiple advantages," including reduction in expenditures to help balance the budget, release of workers for defense plants, and reduced competition for materials and equipment needed for defense activities. The reductions also would allow preparation of a backlog of projects for continued employment in the post-war period.[200]

That same day, the President sent a letter to the AAA, which was meeting in White Sulphur Springs, West Virginia. In times like the present, he said, "there must be readjustments." He continued:

> But we must not surrender the benefits of our mobility and our system of highways which make it possible. While first attention must be given to road needs for defense, we must not lose sight of the demand for highway planning to meet post-emergency conditions.[201]

During a news conference on November 18, 1941, the President discussed his concerns about the Federal-aid highway program, as described in *The New York Times*:

> President Roosevelt indicated today his belief that further measures of economy were desirable in the field of Federal-aid highway appropriations. In a statement to his press conference he stressed that present and past legislative and executive actions in approving laws requiring approval of such appropriations by future Congresses were causing him trouble with his 1943 budget recommendations . . . .
>
> The President deplored the practice of making future Federal-aid highway commitments when he was asked if he was to sign the pending defense highway bill, which recently reached his desk after modifications caused by his veto of the original measure.
>
> Mr. Roosevelt replied that he had not yet read the bill and then commented on what he said he believed were unconstitutional practices of the present and past Administrations in making such future commitments for later Congresses to fulfill.

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[200] Dorris, Henry N., "Asks Billion Cut From Nondefense," *The New York Times*, November 15, 1941.
[201] United Press International, "Would Push Road Gains," *The New York Times*, November 15, 1941.

The article summarized the President's explanation of the contract authority that was part of the Federal-aid program:

> As the present practice goes, he said, one Congress can direct the Federal Roads Bureau to inform States of allocations which are to become a part of prospective appropriations, and the States then go ahead and make road-building contracts on the basis of these assurances.
>
> He added that annually he was compelled to recommend large appropriations in the budget to fulfill these moral obligations. The President complained particularly that in next year's budget he must recommend such large sums, in addition to those for defense highways, when he felt the national situation required cancellation of normal Federal-aid highway construction.[202]

President Roosevelt approved the bill the following day, on November 19, but made clear that he did so reluctantly and only because he "felt constrained" to do so by the urgent need for access roads and flight strips. He approved of the $150 million authorization for access roads and $10 million for flight strips, but he objected to the $50 million authorization for strategic highways and the increased Federal share:

> As to the other authorizations in the bill, I am advised by the secretaries of war and navy that they consider them of only secondary importance. I concur in the view that, in the light of present conditions, these authorizations cannot properly be regarded as urgently needed for the national defense.

He added:

> The remaining authorizations for off-street parking facilities, reimbursement to states for repairs to roads under certain operating conditions, and surveys and plans fail to find, I think, satisfactory justification for enactment upon any ground that they are immediately required in the interest of national defense.

President Roosevelt expressed his "earnest hope" that Congress would promptly repeal the provisions he opposed.

Although the Defense Highway Act of 1941 was enacted, the highway community was apprehensive about signs the President was considering another attempt to rein in the Federal-aid highway program. The President's press conference comments were one source of concern; they paralleled Secretary Morgenthau's comments on November 14.

These actions, *Engineering News-Record* reported, "aroused an expectation among many in Washington who are well-informed on road matters that some new move to change the basis of

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[202] "President Urges Highway Savings," *The New York Times,* November 19, 1941.

federal aid is in the offing." The magazine recalled President Roosevelt's previous efforts:

> It will be remembered that in 1938 the President withheld the formal allocations of authorized road funds, asked the states not to obligate the money, and urged Congress to amend the federal-aid act to eliminate advance authorizations. On that occasion, Congress refused to act and the attempt failed.

What concerned the road builders, the magazine explained, was that circumstances had changed since that earlier success in denying the President what he sought:

> Now, however, the President has available a new and widely popular argument in the need for economy in non-defense expenditures. He can contend, too, that with other forms of construction restricted it is illogical to continue road work.

The magazine speculated on what approach the President might take:

> In view of the previous failure it is unlikely that President Roosevelt will try to hold up the December allocations; Congress after all specifically directs that the allocations be made. He might however express publicly his opinion that the authorizations are not a binding commitment and warn the states that he does not expect to submit budget estimates to make them good.
>
> Another approach might be through the priority system. At present, under the road priority plan, A ratings are assigned to all highway projects involving federal money. But this plan could readily be cancelled and road projects be brought under the general SPAB [Supply, Priorities and Allocations Board] policy on construction—so that each would have to be justified individually on its defense value.

Engineering News-Record also speculated that the President would soon ask the Congress to appropriate funds to cover the authorizations for the access road and flight strips program, as well as the unallocated half of the strategic highway funds.[203]

Better Roads magazine ran an editorial in its December 1941 issue on "The Federal Highway Policy." After summarizing the President's comments on the 1941 Act and reminding readers of his attempt in 1937 to curtail the Federal-aid highway program, the editorial identified "certain inconsistencies in the president's outlook":

> Thus he (a) discourages advance planning, but (b) believes, as he told the convention of the American Automobile Association, that we must not lose sight of the demand for highway planning to meet post-emergency conditions. He (a) reminded the A.A.A. convention that "we must not surrender the benefits of our mobility and our system of highways," but

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[203] "Defense highway bill signed by the President," *Engineering News-Record*, November 27, 1941, p. 755.

> (b) urged upon congress an extremely restricted view of the responsibility of the federal government for highway development at the present time.

The editorial defended contract authority as "the heart of the Federal-aid system." If the President prefers "flexible tactics," the editorial suggested that he and everyone else might try answering this question:

> If a policy of fluctuating federal highway grants had prevailed over the past 20 years, with amounts dictated by tactics that seemed appropriate to the moment, would our state and federal highway organizations have attained the stability they possess today, and would their work be carried on at the same level of performance?

The editorial stated that "impartial students" of Federal-State relations had concluded that continuity of programs had fostered "continuing high standards and continuous research, with resulting benefit to the users of the system of primary highways."

A memorandum from the President to the FWA Administrator on November 25, 1941, confirmed the highway community's fears:

> The development of a national-defense program has required restrictions in the use of materials and supplies essential to defense and has made necessary curtailment of Federal expenditures for nondefense purposes. Moreover, any nondefense operations are utilizing manpower that could be diverted to defense industries.
>
> I have been giving attention to the possibility of removing all possible barriers to the successful progress of the defense effort and have reached the conclusion that the Federal-aid highway program, along with many other types of public works projects insofar as they are not related to national defense, could and should be deferred. I am conscious of the cooperation that has been given by State Highway Departments and other agencies in connection with the redirection of a large measure of expenditure programs for those projects of direct national-defense significance.
>
> I am convinced that drastic steps must be taken to insure the release of materials and manpower for the defense effort. To that end you are directed with respect to all apportionments heretofore made under the Federal Highway Act, as well as apportionments to be made before the end of the calendar year 1941, to restrict the approval of projects hereafter to those essential to national defense as certified by the appropriate Federal defense agencies. In carrying out this direction, I feel sure that you will have the full cooperation of State Highway Departments and all others interested in the successful prosecution of the national-defense program.
>
> In this connection, I remind you that during this emergency period plans are being made for the establishment of a shelf of projects to be undertaken as and when needed at the

> conclusion of the present emergency. Highways will offer an unusual opportunity for the absorption of manpower released from defense activities.[204]

(The position of Administrator was vacant following Carmody's appointment to the Maritime Commission. On November 21, the President appointed General Philip B. Fleming, the Wage-and-Hour Administrator, as Federal Works Administrator, but he did not take office until December 10.)

In accordance with the President's instructions, a stoppage order was issued on December 2, 1941, for all Federal-aid highway projects not related to defense needs.

Five days later, on December 7, 1941, the Japanese attacked American facilities at Pearl Harbor in Hawaii. The next day, the President's war message to Congress would refer to December 7 as "a date which will live in infamy." The attack propelled the United States into World War II.

The President's memorandum dictated the direction of the Federal-aid highway program, which was consistent with the Federal Highway Act provision giving the Commissioner of Public Roads the authority to override State highway agency priorities. The PRA issued General Administrative Memorandum (GAM) No. 144 on December 29, 1941, titled "Programming Federal-Aid Projects Essential to the National Defense." The restriction of "the approval of projects to those essential to the national defense as certified by the appropriate Federal defense agencies" required "a revised program procedure." The GAM offered three instructions:

1. All Federal-aid projects in approved programs for which plans, specifications, and estimates had not been approved for advertisement before the December 2 stoppage order "immediately lose all program status and must be resubmitted" to determine if they were essential to the national defense.
2. The regulation calling for submission of programs of proposed construction would be satisfied "by the submission and consideration of individual projects which are accompanied by letter-size insert maps indicating the location of the proposed work." This requirement substituted for the regulatory requirement that the States submit "Federal-aid progress maps showing the location in diagrammatic form."
3. States were to fill out a form, attached to the GAM, to accomplish defense certification of projects. The two-page form required a description of the project location, the proposed work, the existing highway or structure, and the traffic service rendered.

The PRA's annual report for 1942 explained:

> After December 7 approval of highway projects was restricted to those certified as essential in carrying on the war. The organization did not seek to build all roads that might in some degree be helpful in that respect, but it did undertake to aid in the solution of critical

[204] FDR Library, OF 129, Box 3, Folder 1941.

> highway transportation problems as determined in conference with other Federal agencies and from the viewpoint of the best use of total resources.
>
> This policy led to intensive efforts toward removal of highway bottlenecks to camps, munitions plants, and shipyards.[205]

The Federal-aid highway program was profoundly affected, as summarized in *America's Highways 1776-1976*:

> The great highway boom that began in 1921 and continued unabated through the Great Depression, came to an end in the complexities and frustrations of mobilization and war. Fiscal year 1941 was the peak year for the Federal-aid program with 12,936 miles of roads of all classes completed; thereafter completed mileage fell to 10,178 miles in fiscal year 1942, and 8,445 miles in 1943. After 1942 practically all new work related directly to national defense. The diminishing Federal-aid funds were used to solve traffic problems in areas congested by war activities. The forest highway funds went into mineral access and timber access roads to provide raw materials for the war effort.[206]

National Interregional Highway Committee

For all the urgency of the growing crisis during 1941, the President was concerned about the potential for a return of the Depression when the war-time economy ended. He wanted a program on the shelf for the workers who were then needed in the growing defense program. To that end, apparently at the suggestion of MacDonald and Carmody, the President appointed a National Interregional Highway Committee on April 14, 1941, to investigate the need for a limited system of national highways, advise the Federal Works Administrator on the desirable character of such improvements, and the possibility of using ex-soldiers and industrial capacity in the development of the new system. The committee would build on the ideas in the 1939 report to Congress, *Toll Roads and Free Roads*, which had endorsed the idea of a toll-free network of express highways.

After considering several options, the committee agreed on an expanded Interregional Highway System of about 39,000 miles. The report's maps depicted a 33,920-mile network that included 29,450 miles of rural highways plus 2,123 miles carrying the rural highways into and through the municipal limits of cities of 10,000 or more population and 2,347 miles within the limits of cities of less than 10,000 population. In addition, the report reserved up to 5,000 miles for circumferential arterials. The report stated that, "although in miles it represents scarcely over 1 percent of the entire highway and street system, it will probably serve not less than 20 percent of the total street and highway traffic." The committee recommended that the Interregional Highway System be designed to accommodate the traffic "which will exist 20 years from the date of construction."

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[205] Work of the Public Roads Administration 1942, p. 2.
[206] *America's Highways 1776-1976*, p. 147.

Although the committee's report had been largely completed in November 1941, final revisions were delayed several years because the jobs the program would create would not be needed during the war.

In the absence of consensus, Congress put off action on the post-war program and passed, instead, the Federal-Aid Highway Amendment Act of 1943, approved July 13, 1943, as a holding action to continue the existing program for another year with some modifications to address wartime needs. The delay in passage of comprehensive post-war legislation was especially distressing because all parties agreed on the importance of having construction plans ready to go to avoid a Depression after the war. That would not be possible until Congress approved the construction program.

In addition, though, the 1943 legislation required the Commissioner of Public Roads to report to Congress on the need for an express highway network (i.e., submit the report completed in 1941). On January 12, 1944, President Roosevelt transmitted *Interregional Highways* to Congress. His transmittal letter stated:

> Early action by the Congress in authorizing joint designation by the Federal Government and the several State highway departments of a national system of interregional highways is desirable . . . .

The President also summarized the advantages of such a system:

> [The] program can serve not only to help meet the Nation's highway transportation needs, but also as a means of utilizing productively during the post-war readjustment period a substantial share of the manpower and industrial capacity then available. A program of highway construction will, in addition, encourage and support the many diverse economic activities dependent upon highway transportation.

The debate in Congress on the post-war highway program continued through the year. The final bill authorized $500 million for 3 years. It retained the 50-50 Federal-State matching ratio, but authorized the use of Federal-aid funds for up to one-third of the cost of acquiring rights-of-way. Funds were earmarked for the Federal-aid system, the secondary routes, and extensions of the Federal-aid system in urban areas. The program would begin as soon as the war was over.

Throughout the Senate debates in 1944, the original name, the "National System of Interregional Highways," had been used. However, when the conference committee met in December, the Senate yielded to the House regarding the name of the network. Section 7 read:

> There shall be designated within the continental United States a National System of Interstate Highways not exceeding forty thousand miles in total extent so located as to connect by routes, as direct as practicable, the principal metropolitan areas, cities, and industrial centers, to serve the national defense, and to connect at suitable border points with routes of continental importance in the Dominion of Canada and the Republic of Mexico. The routes of the National System of Interstate Highways shall be selected by joint action of the State

> highway departments of each State and the adjoining States, as provided by the Federal Highway Act of November 9, 1921, for the selection of the Federal-aid system. All highways or routes included in the National System of Interstate Highways as finally approved, if not already included in the Federal-aid highway system, shall be added to said system without regard to any mileage limitation.

In that one paragraph, Congress set the Interstate Highway Program in motion. It did not authorize special funding for the new system, although funds authorized for the Federal-aid system and its urban extensions could be used on Interstate routes if the State highway agency wished to do so. The Federal-State matching ratio would be the same as for other projects: 50-50. As Chairman J. W. Robinson (D-Ut.) of the House Committee on Roads explained to AASHO:

> Because of variation in conditions among the States no attempt was made to specify what portion of available funds should be applied to the Interstate System.

President Roosevelt signed the Federal-Aid Highway Act of 1944 on December 20. He issued a statement that said, in part:

> Adequate facilities for highway communication will be essential in the future as a part of an expanding, prosperous economy that will insure jobs. They will be essential also to the national defense, as well as to the safe and efficient transportation service which belong to America's way of living.

He added:

> This legislation makes possible the advance planning of the needed facilities on a sound basis. Now it becomes a challenge to the States, counties and cities which must originate the specific projects and get the program ready for construction after the war ends.

The European phase of World War II ended on May 8, 1945. Japan surrendered on August 14, 1945. On October 2, Congress found, by concurrent resolution, that the war emergency had been relieved and that the highway construction program authorized by the 1944 Act could get underway. Wartime restrictions on the program were ended.

The Interstate Program Falters

The PRA worked with AASHO's Special Committee on Planning and Design Policies to develop standards for the location and design of Interstate highways. The PRA's annual report explained that the policies were developed without any thought "that every mile of the system be built according to a rigid pattern but it was believed essential that there be a high degree of uniformity where conditions as to traffic, population density, topography, and other factors are similar."[207] The standards, adopted by AASHO on August 1, 1945, and concurred in by the PRA, called for the

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[207] Annual Report, Public Roads Administration, Federal Works Agency, 1945, p. 8.

Interstate System to be designed for the mix of traffic expected 20 years from the date of construction, with full control of access where State law permitted it (frontage roads would be used where access control was prohibited). Grade separation would replace at-grade intersections except on low-volume roads, and then only if justified by economic analysis. Similarly, railroad crossings would be on structures, but on low-volume crossings (five or fewer regular train movements a day), an economic justification would be needed for separation. Two-lane Interstate sections would be permitted on lightly traveled rural segments; capacity would be increased by providing sufficient sight distance for passing.

The standards were criticized by some because they were not comparable to the "superhighway" standards used on parkways and turnpikes. However, the PRA and the AASHO committee operated on the assumption that even for the Interstate System, design should be based on the highest standards commensurate with traffic needs.[79]

Efforts to identify routes for the Interstate System continued well into 1947, as the PRA worked with the States and defense officials to identify the network and resolve disputes about connections at State borders. On August 2, 1947, Administrator Fleming announced the first designations. The routes included 37,681 miles of the Nation's principal highways, including 2,882 miles of urban thoroughfares, mainly routes carrying the Interstates through cities on the main traffic artery. The routes were assigned neither names nor numbers; they were simply black lines on a white map showing State outlines and the names of major cities. To fill out the 40,000-mile Interstate System, the PRA had reserved 2,319 miles for additional urban circumferential and distributing routes that would be designated later.

An August 3 news release providing information on the previous day’s designations explained the funding situation:

> The sum of $225,000,000 was set aside from the authorized annual appropriations for improvement of highways in the regular Federal-aid system; $125,000,000 was made available for urban sections of the system only, including expressways, circumferential and distribution routes; and $150,000,000 was earmarked for State systems of secondary roads.
>
> No specific sum was provided for development of the national interstate system; however, since the system is made a part of the Federal-aid system, the amounts provided for this system are available for the interstate system . . . . In most States half of the cost of Federal-aid projects and up to one-third of the cost of right-of-way may be financed by the Federal Government. The exceptions are States containing large areas of land in the public domain where a higher rate of Federal participation is permitted.

The September 1947 issue of *Better Roads* featured a survey of State highway officials regarding their plans for System construction. Several States planned to give high priority to the Interstate System. J. W. Vickrey of the California Division of Highways, said, “This will to a considerable

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79Barnett, Joseph, “Our Interstate Highway System,” *Civil Engineering*, July 1955, p. 40.

extent concentrate rather large expenditures on the interstate system, and will insure its early completion." W. A. McWilliams, Chief Engineer of the Delaware State Highway Department considered the Interstate System "a forward step in the development of automotive transportation." Dewitt C. Greer, State Highway Engineer of Texas, believed the Interstate System would lead to better planning of main arterial routes than would have been possible.

Other States took a different approach. *Better Roads* quoted Massachusetts' Chief Engineer P. H. Kitfield as saying:

> We do not propose to give any special priority to projects on the interstate highway system . . . . The priority of projects will be determined, as heretofore, on the basis of need and the relative inadequacy of the existing highways. However, it is probable that any program of projects selected in this manner will normally include a proportion of projects on the interstate system.

Nebraska's Chief Highway Engineer, F. H. Klietsch, was pessimistic about the prospects:

> There is no special program for the construction of the roads included in the national system of interstate highways. These roads must await their turn in the construction lineup, like all other parts of the primary road system.

Other States simply had higher priorities. Iowa's Fred R. White, whose recollections were quoted earlier, did not think inclusion of a road in the Interstate System gave that road "any priority of improvement over any other part of the primary road system." Virginia's view was similar. Burton Marye, Jr., of the Virginia Department of Highways thought that, "Such high priority as is received by links in the system will and would have resulted because of the importance of the roads in the state system, regardless of any interstate designation."

Vermont's priority was providing hard surfaces on the State's 438 miles of gravel roads. Similarly, Wisconsin was concentrating on "prosaic grading, draining and surface work" on State roads that were little more than dirt roads. North Carolina was also emphasizing improvement of secondary roads, although State Highway Engineer W. Vance Baise thought "the pendulum will swing in the opposite direction within the near future."

The design standards and the 50-50 matching ratio were issues in some States. Chief Engineer R. A. Harris of Mississippi pointed out that because of the lack of traffic congestion in his State, compared with the more highly populated States, application of the design standards to Mississippi's highways would "greatly over-design our expected traffic requirements." To justify such an expenditure, he would need a higher Federal share in the cost. The Iowa State Highway Commission issued a statement that put the design issue in these terms:

> It would be foolish to put Size 12 shoes on a 10-year-old boy. It would be equally foolish to build a four-lane road or divided-lane road on a route where an ordinary two-lane road is sufficient to carry the traffic.

Montana's H. W. Holmes called for a 75- to 80-percent Federal share because the design standards for the Interstate System were higher than for the primary system. The States, he felt, "should not be called on to participate in the part of the cost reflecting higher standards." North Carolina's Baise said much the same thing, adding that his State would proceed with some Interstate sections where the old roads were not adequate. The State would follow the new Interstate System standards "except where we have considerable value in the old pavement and following the standards would require complete relocation."

New York had the opposite problem. Superintendent of Public Works Charles H. Sells explained that the Federal-aid funding allocated to New York "is so small in comparison with our traffic needs that, although helpful, the rate of expenditure contemplated cannot possibly keep pace with the demands." The State was, therefore, developing what was then a 486-mile New York State Thruway System with State funds. The entire system was not, at that time, considered to be part of the Interstate System, although it was parallel to some parts of it. Sells noted, however, that:

> In all probability it will meet the travel demands on sections of the national system it parallels, thereby reducing the need of construction on the national system.[208]

The Post-War Boom

With the National System of Interstate Highways as the centerpiece, the highway community finally seemed ready to make the progress that had been expected since World War II. When President Roosevelt had signed the Federal-Aid Highway Act of 1944, it was seen as a way of helping to avoid a return of the Depression, but soon after the war, fears of a new Depression were seen to be unfounded.

After a period of disruption as the economy switched to peacetime activities, an unexpected economic boom began. It not only defied expectations but created greater demands than ever on the Nation’s highways, which were worn out from service during the war. Seely described the situation:

> Auto makers could not convert from wartime production quickly enough to meet demand for its new civilian models, selling a record 3,909,270 units between 1945 and 1949. Every year from 1946 until 1952 produced a record number of vehicle-miles; just the increase of 87 billion between 1947 and 1950 was equal to the total number of vehicle-miles in 1923.

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[208] Construction of the New York State Thruway began in 1946, with the State intending to build toll-free segments as State funds became available. Because progress was slow, legislation was enacted in 1950 to create the New York State Thruway Authority, headed by Bertram Tallamy, to issue bonds to finance a faster pace of construction. Initially, the collection of tolls to repay the bonds was rejected as impractical; the authority planned to raise revenue from the sale of special license plates for thruway use, with the fee varying based on the benefit a user would derive (for example, a trucker would pay a higher fee than the operator of a passenger vehicle). Subsequently, the authority switched to toll collection to repay bondholders. In 1953, the authority repaid the $26 million in State funds committed to the thruway before the authorization to issue bonds. The first 115-mile section opened in July 1954.

> In the 1951 annual report the BPR announced, “We are being overwhelmed by a flood of traffic.”[209]

From 1946 through 1950, all highway expenditures equaled $8.4 billion, which historian Mark Rose pointed out is more than during any previous 5-year period in history. He added, however, that the achievement was misleading:

> [R]ising prices consumed a good part of the additional outlay. Costs for many construction items zoomed above prewar levels, and went even higher for the unusually expensive parts necessary for urban expressways. Heightened construction standards such as wider radius curves and thicker and wider pavements, all needed to provide safe highways for heavier and faster cars and trucks, added to costs.[210]

Seely expanded on this problem:

> From 1945 through 1949, American highway construction budgets jumped from $1.43 billion to $3.69 billion, yet the BPR estimated the larger sum bought fewer miles of finished highways. Both material costs and labor expenses almost doubled; steel and cement were in short supply at any price. Many highway departments delayed construction; others were outbid in efforts to attract the engineers to plan, design, and superintend ambitious post-war projects.[211]

With the States unable to use their Federal-aid highway funds at the expected pace, more than $500 million went unspent in the post-war years through 1947.

President Harry S. Truman (1945-1953), the Vice President who became President following Roosevelt’s death on April 12, 1945, and his advisors agreed with Roosevelt that the highway program could be a tool for managing the economy through the initial dislocation of the post-war years and the later post-war boom. While giving priority to housing programs, the Truman Administration reduced other public works projects in an effort to control inflation. In 1948, for example, as Congress considered reauthorizing the Federal-aid highway program, Truman sided with his economic advisors who considered the program inflationary and wanted to constrain it. He acknowledged:

> By any reasonable standard our highways are inadequate for today’s standards. Further demands will inevitably be greater as business traffic continues to expand, as our population grows, and as we build roads to reach needed resources now relatively inaccessible. Further, we must reconstruct important stretches of road which were not built to carry heavy traffic safety and at reasonable speed.

[209] Seely, p. 193.
[210] Rose, Mark H., *Interstate Express Highway Politics 1939-1989* (Revised Edition), The University of Tennessee Press, 1990, p. 31.
[211] Seely, p. 195.

Construction of the needed highways "will require continuous effort over a long period of time and on an extensive scale." That said, he added:

> For the immediate future, we must limit expenditures to avoid excessive costs resulting from over-taxing the capacity of the construction industry and to avoid inflationary pressure on the national economy.

Modernizing the highways could continue where "present obsolescence results in excessive safety hazards and wasteful maintenance costs and where present traffic capacity is most seriously inadequate." Beyond these priority needs, he recommended that Congress enact legislation for FYs 1950 and 1951 at an annual rate of $500 million for the Federal-aid highway program, plus $71 million for roads on public lands.[212] With $700 million in funds from the Federal-Aid Highway Act of 1944 not yet used, an authorization for FY 1949 was not needed.

In developing the Federal-Aid Highway Act of 1948, the House approved a bill authorizing $500 million a year for FYs 1950, 1951, and 1952 for the Federal-aid highway program and additional funding for park and forest road projects. The Senate Committee on Public Works approved a bill authorizing $400 million a year, with special emphasis given to the Interstate System by increasing the Federal share to 60 percent for Interstate projects.

Conferees compromised on the amount of funding for the Federal-aid highway program, agreeing to $450 million a year for FY 1950 and 1951, along with $20 million a year for forest highways and $17.5 million for forest development roads. The conferees dropped the Senate provision increasing the Federal share for Interstate projects, but included a provision calling on the Commissioner of Public Roads to work with the Secretary of Defense and National Security Resources Board to supplement the 1941 report *Highways for the National Defense* and report to Congress on his findings. President Truman signed the legislation on June 29, 1948.

In the absence of a special funding program reflecting national priority, progress on the Interstate System was slow. The PRA's annual report for 1948, the first following designation of the initial 37,700 miles, indicated that of the funds authorized in 1944 for use on the Federal-aid primary system, slightly more than 30 percent had been applied to routes on the Interstate System. Projects spanned 2,052 miles of highway, 704 bridges, and 95 grade-crossing elimination structures.[213] The 1949 report indicated that 22 percent of the funds authorized in the Federal-Aid Highway Acts of 1944 and 1948 had been used for the Interstate System. Work included improvement of

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[212] Truman, Harry S., "Special Message to the Congress on Highway Construction," *Public Papers of the Presidents of the United States*, Government Printing Office, February 9, 1948, 1964, p. 132. For information on President Truman's road policy, see Weingroff, Richard F., "The Man Who Loved Roads," *Public Roads*, May/June 2002, p. 37 (http://www.fhwa.dot.gov/infrastructure/trumanpr.htm), and Yago, John W., "Harry S. Truman: The ARTBA Member Who Became U.S. President," *Transportation Builder*, October 2002, p. 8.

[213] *Work of the Public Roads Administration 1948*, Annual Report for the Fiscal Year 1948, Public Roads Administration, Federal Works Agency, p. 7.

2,917 miles of the Interstate System and 981 bridges, as well as elimination of 120 railroad grade crossings. The total of 2,917 miles equaled 8 percent of the total System mileage.[214]

By 1950, the highway community finally appeared ready for the challenge of addressing the deficiencies of the Nation's highway network. Material shortages had lessened. Labor was available. The economy continued to boom. The Nation’s motorists were ready.

In addition, Congress had the report requested in the 1948 Act. In *Highway Needs of the National Defense*, the PRA laid out a program for advancing work on the Interstate System. The report began with a detailed inventory of the Interstate System and a measure of the traffic using each section. The assumption was that the Interstate System consisted of the existing roads, mostly U.S. numbered highways, in the designated corridors and that they were to be upgraded to Interstate standards. The most serious deficiency uncovered by the study was the lack of capacity on the Interstate System for the increasing number of motor vehicles. Further, the surveys demonstrated that many sections would have to be relocated to meet the design speed, sight distance, and gradient requirements.

Based on the surveys, the PRA estimated that an investment of $11.3 billion, at 1948 prices, would be needed to bring the Interstate System up to an acceptable standard—to handle 1948 traffic. Approximately $5.3 billion of this amount (47 percent) was for improvement of urban segments. This need could be met over a 20-year period with an annual investment of at least $500 million for the Interstate System. A substantially more rapid improvement would be needed to meet the needs of national defense.

The estimate was flawed in several ways. It did not include the 2,300 miles of urban auxiliary routes not yet designated. Further, although the PRA believed that estimates of need should be based on service to traffic of the future, making such forecasts “has been impracticable,” so the estimate was based on serving existing traffic rather than the increasing traffic volumes sure to come.

Another major flaw was the PRA’s assumption that a large part of the Interstate System could be built by reconstructing or widening existing highways. This assumption was consistent with the PRA’s longstanding concept of stage construction where each project retained the value invested in earlier projects on the same segment. Assuming the existing road would be upgraded reduced the estimated cost, but proved unrealistic, in part, because or poor location or development along many existing highways made upgrading the routes to Interstate standards impractical.

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214 *Work of the Public Roads Administration*, Annual Report for the Fiscal Year 1949, Public Roads Administration, Federal Works Agency, p. p.

Highway Needs of the National Defense recommended several steps to accelerate the Interstate program. An increased Federal share beyond the normal 50 percent "would seem appropriate." In addition:

> Funds so authorized should be apportioned among the States in such proportions as to permit substantially equal progress in the correction of existing deficiencies in all States. Consideration should be given to authorizing funds specifically for the Interstate System.

Innovative financing could also help accelerate construction. The report suggested that Congress allow the States to borrow capital to complete their sections of the Interstate System and use future Federal-aid apportionments to repay the borrowed amounts.

President Truman transmitted the report to Congress on June 30, 1949, with a perfunctory four-paragraph letter, ending with a lukewarm endorsement:

> This report is a useful document. I recommend it to the consideration of the Congress in connection with such further provision as may be made for the continuance of Federal-aid for highway construction.[215]

The President was a bit more enthusiastic in his budget message to Congress on January 9, 1950. He recommended an annual authorization of $500 million for the Federal-aid highway program, an increase of $50 million above current levels, saying:

> [Major] development of our highway system is required to overcome obsolescence and to handle safely and efficiently the steadily increasing traffic loads . . . .

With that amount, the President recommended increased emphasis "upon the Interstate Highway System, a limited network of routes which is of greatest national importance to peacetime traffic needs as well as to our national defense." Although he did not offer details, the recommended shift of emphasis "should permit a satisfactory rate of improvement for this System."[216]

When Congress opened consideration of the Federal-Aid Highway Act of 1950, the House began with a modified version of a bill developed by AASHO in November 1949. The AASHO bill proposed an increase in spending on every Federal-aid system, with $210 million earmarked for the Interstate System and a Federal share of 75 percent for Interstate projects.

Congress received opposing views. Even the State highway agencies were not uniformly behind AASHO's bill. Under the leadership of Pennsylvania, the Association of Highway Officials of the North Atlantic States adopted a resolution opposing an increase in Federal-aid, earmarking of funds for particular Federal-aid systems, and an increase in Federal share. Such an increase was seen as a step toward more Federal control and intervention in State affairs.

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[215] Message from the President of the United States, *Highway Needs of the National Defense*, Committee on Public Works, 81st Congress, 1st Session, House Document No. 249, Government Printing Office, 1949, p. III

[216] Annual Budget Message to the Congress: 1951, January 3, 1950, Government Printing Office, p. M71-72.

The National Highway Users Conference, which represented trucking, manufacturing, and oil companies, and the U.S. Chamber of Commerce also opposed an increase in the Federal share. A shift in Federal share, the conference claimed, would move the road program toward "the left fork . . . of nationalized highways." Pretty soon, projects would be chosen at the national level based on "political pressures" instead of "local needs."

The House began the debate by considering a bill that, as Rose put it, went "a good distance in divergent directions." The bill that emerged from the House Public Works Committee called for apportionment of $70 million by population for the Interstate System, a 75-25 matching ratio for Interstate projects, but increased funding for secondary roads. The bill also included a provision, based on *Highway Needs of the National Defense*, allowing the State highway agencies to use future Interstate apportionments to repay loans incurred to finance toll-free Interstate projects. On May 19, the House approved the bill.

On May 31, Commissioner MacDonald testified before the Senate Committee on Public Works in support of the President's request for $500 million, with $50 million earmarked for the Interstate System. He stressed that the Nation was not keeping up with the demand, particularly on the Interstate System. He reminded the committee that *Highways Needs for the National Defense* had estimated that deficient sections of the designated mileage would cost $11 billion to rehabilitate and reconstruct consistent with present-day traffic. The deficiencies were extensive:

> That is, in 1948 a little under 2,000 miles in the rural areas, and 300 miles in urban areas, out of the whole mileage of 37,800 miles, were found to be adequate for the traffic. The remaining mileage is deficient in different respects, but the deficiencies we consider to be of greatest importance are in the widths of these roads and bridges.

He added:

> We feel that in view of the relationship of highways to the national defense that we must give very considerable attention to the rehabilitation of this main-road system.

Special funding for the Interstate System appeared close to reality. However, as the Senate was considering the highway bill, international events were unfolding that would put the Interstate System on hold.

On June 24, 1950, while spending a weekend at home in Independence, Missouri, President Truman received word that North Korea had invaded South Korea. Within a month, the northern Communists occupied most of the Korean peninsula. President Truman ordered American troops to join with forces that the United Nations Security Council had sent to the Korean Peninsula. An advance battalion under Major General William F. Dean landed in Pusan on July 1.

In reaction to the emergency, President Truman asked Congress on August 17 to hold down nondefense expenditures to avoid competition with defense needs. He asked that Federal-aid highway funds be held to $500 million at most and that Federal-aid to retire bonds, which would have increased road building, should be discouraged to conserve people and materials.

Rose summarized the response in the Senate:

> On August 22, members of the Senate, for whatever reason, voted to lower spending in every category of road aid. Elimination of the special authorization for the Interstate, on the grounds that funding for it was available from other network funds, produced much of the savings.

House-Senate conferees agreed to the $500 million spending level requested by the President, but with no funds earmarked for the Interstate System. They retained the 50-50 matching share for Interstate projects. Of the amount authorized for the Federal-aid highway program, 45 percent was for the Federal-aid primary system (which included the Interstate System), 30 percent was for the secondary system, and 25 percent was for the urban system.

The provision allowing the States to apply future Federal-aid apportionments to retirement of the principal of bonds used to improve Federal-aid primary routes, including the Interstate System, was retained, but proved ineffective. As explained in *America's Highways 1776-1976*:

> [This] authority did not make any new money available to the States or enhance their credit or change their own constitutional debt limits; and further, Congress carefully disclaimed any obligation to provide the future Federal-aid funds that might be used to redeem the bonds. Consequently, only a few States availed themselves of the privilege, and these for comparatively small amounts.[217]

President Truman signed the Federal-Aid Highway Act of 1950 on September 7.

The mood of the highway community was perhaps best summed up in an editorial in the October 1950 issue of AASHO's *American Highways*:

> Our peacetime economy is built around highway transportation; in war, our very survival depends upon it. And yet, the people have not been made to understand these facts. Why? Where have we failed?

What made the situation particularly frustrating was that the highway community had become splintered by special interests during the 1940s. Perhaps the problem was inevitable given the extent of the Nation's diverse road needs and perspectives. In November 1949, *Fortune* magazine summarized this aspect of the issue:

> Part of the trouble is that the U.S. has so much highway—3,300,000 miles in all—that it is possible to point to a few roads, or indeed many thousand miles of road, and prove almost

[217] *America's Highways 1776-1976*, p. 165.

> anything that strikes your fancy: that heavy trucks are raising hell with our highways, that they are doing no such thing, that the highways of America are an incomparable engineering achievement, that whole regiments of state highway engineers should be indicted for malfeasance in office.[218]

The States could not wait for the PRA and the Congress to figure out how to keep up with the economic boom and the continuing increase in driving. They had a model in the highly successful Pennsylvania Turnpike, the first 160-mile section of which had opened on October 1, 1940. It had been an immediate sensation—a "magic carpet ride" unlike anything most motorists had experienced. More important, before and after the war, it had been a financial success. With Federal-aid highway funds insufficient for toll-free construction of similar highways, the States followed Pennsylvania's example. The Maine Turnpike opened in 1947. Turnpikes opened in New Hampshire (1950), Colorado (1952), New Jersey (1952), Oklahoma (1953), New York (1954), and West Virginia (1954), while toll authorities were established in Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Michigan, North Carolina, Ohio, Rhode Island, Texas, and Virginia.[219]

Most of the turnpikes were in the heavily traveled Interstate corridors that *Toll Roads and Free Roads* had predicted would be most likely to support toll facilities. But the boom was beyond anything imagined in BPR's 1939 report.

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[218] "Enter the Road Builders," *Fortune*, November 1949, p. 107
[219] *America's Highways 1776-1976, p. 167-168.*

PART FOUR
President Eisenhower Takes Charge

In the election year of 1952, Congress approved the Federal-Aid Highway Act of 1952, authorizing $1.3 billion for national and international highway development in FYs 1954 and 1955. For the first time, Congress included funds for the Interstate System, but only $25 million a year to be matched on the standard 50-50 Federal-State ratio. During House discussion of the measure, Representative George H. Fallon (D-Md.) of the Subcommittee on Roads told his colleagues:

> We are a nation on wheels and the number of automobiles continues to increase each day. With the seriousness of the road conditions today, it is absolutely necessary that we have all the funds possible to put our roads in a condition where they are not only safe but where we can move commerce.

President Truman approved the bill on June 25, 1952. By then, he had announced that he did not intend to run for reelection.

A week later, during the 44th Annual Governors Conference at the Shamrock Hotel in Houston, Texas, the Governors took direct aim at the Federal-aid concept, spanning highways, airports, maternal and child health, hospital construction, and aid for the aged, blind, and children. They also took aim at one of their longstanding targets, the Federal gas tax, which had been made permanent in 1941 at 1.5 cents a gallon. It had been increased temporarily to 2 cents a gallon under the Revenue Act of 1951, signed by President Truman on October 21, to support the Korean War.

Governor Walter J. Kohler, Jr., Republican from Wisconsin, began the debate during the opening business session by suggesting that the States abandon all Federal-aid (amounting to $2 billion a year) in return for a shift of Federal taxation powers to the States. The States would collect all the revenue that was currently going to the Federal Treasury from taxes on gasoline, beer, liquor, wine, cigarettes, and possibly automobiles. He told the Governors:

> In its tax philosophy, the Federal Government has become a voracious monster, overlooking nothing in its insatiable hunger for greater revenue. We in Wisconsin are, frankly, sick to death of Federal interference in the administration of programs which should be, and have traditionally been, the responsibility of States.

According to a chart Governor Kohler displayed, only seven States would receive less revenue under the plan, and if the tax on automobiles were included, only two would receive less.

Host Governor Allan Shivers of Texas, a Democrat, had raised the theme in general terms during his welcoming speech, saying, "As a stronghold of States' rights and of the belief in man's inalien-able right to be left alone, Texas is the appropriate place for this meeting." After Governor Kohler raised the idea of a tax turnback, Governor Shivers endorsed it. "Get the Federal Government," he said, "out of the road mess business."

Governor Val Peterson of Nebraska, the Conference Chairman and a Republican, addressed the theme in his opening address:

> It seems perfectly fair to say that the States lost much of their sovereignty (and there are degrees of sovereignty) when each took the first dollar of Federal Aid. Employing this technique, the national government has entered into nearly every phase of state activity. In my judgment, this entry has not been conducive to efficiency and economy in Government. The power will never be returned to the State if we continue always to approach Washington with our hands out.

Responding to the Kohler tax proposal, Governor Peterson said the highway field was a good place to start. "Are we willing to tell the Federal Government to retire from the field of highway taxation and controls? If no, then we are not being honest. We are just making speeches." He added, "How many Governors would oppose a resolution telling the Federal Government to get the hell out of the road-building business?"

Governor J. Bracken Lee, Republican of Utah, was undeterred by the fact that his State would lose revenue under the Kohler turnback plan:

> The State of Utah now takes in more money (in Federal Aid) than it pays out, but I, for one, am willing to take a loss on that.

The Governors adopted a resolution, similar to resolutions adopted in past years, urging the Federal Government to withdraw from gasoline taxation "as soon as may be consistent with the needs of national defense." The resolution noted that gasoline taxes are paid by highway users for roads "which are rapidly deteriorating because the funds needed to develop and maintain a modern highway system are not available."[220]

President Eisenhower Takes Over

Although the Governors' comments and its resolution were the big news of the conference within the highway community, the national news was made by the Republican Governors. They were heading to the Republican National Convention, set to begin on July 7, 1952, in Chicago. Reporters covering the Governors Conference described efforts by supporters of General Dwight D. Eisenhower and Senator Robert A. Taft of Ohio as they jockeyed for positions, particularly on delegate recognition, favorable to their candidate.[221]

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[220] "Governors Demand Federal Surrender of Road Building Job," *Transport Topics*, July 7, 1952; "State Governors Urge Federal Govt. to Withdraw From gasoline Tax Field," *Highway Builder*, July 1952.

[221] For example, see White, William S., "3 Governors Back General on Texas," *The New York Times*, July 2, 1952, and White, William S., "23 Governors Ask G.O.P. Ban on Votes by Contested Delegates," *The New York Times*, July 3, 1952.

General Eisenhower emerged as the candidate of the Republican Party, with Senator Richard M. Nixon of California as the Vice Presidential candidate. On November 4, 1952, the American people went for Eisenhower—33.9 million votes to Illinois Governor Adlai Stevenson's 27.3 million. The electoral vote was even more lopsided—442 to 89. Eisenhower won all but nine States.

The election of Dwight D. Eisenhower, the first Republican President since Herbert Hoover was defeated by Roosevelt in 1932, revived the hopes of those who believed the States had been deprived of their authority under the Constitution during the Roosevelt and Truman Administrations. In many ways, the new President agreed with them, but when it came to highways, he had his own ideas.

Eisenhower's experiences on the U.S. Army's first transcontinental motor convoy via the Lincoln Highway in 1919, as well as his observations of the autobahn in Germany before, during, and after World War II made him a strong supporter of highway investment. In a pre-election statement issued at the request of Hearst Newspapers, candidate Eisenhower explained his views:

> The obsolescence of the nation's highways presents an appalling problem of waste, danger and death.
>
> Next to the manufacture of the most modern implements of war as a guarantee of peace through strength, a network of modern roads is as necessary to defense as it is to our national economy and personal safety.
>
> We have fallen far behind in this task—until today there is hardly a city of any size without almost hopeless congestion within its boundaries and stalled traffic blocking roads leading beyond these boundaries.
>
> A solution can and will be found through the joint planning of the Federal, state and local governments.[222]

Inauguration Day was January 20, 1953, with Chief Justice Fred Vinson administering the oath of office. The new President's Inaugural Address was a commitment to "the abiding creed of our fathers" and to engagement in world events. "Destiny," he said, "has laid upon our country the responsibility of the free world's leadership." He added:

> Knowing that only a United States that is strong and immensely productive can help defend freedom in our world, we view our Nation's strength and security as a trust upon which rests the hope of free men everywhere.[223]

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[222] "Ike Understands Road Problem We're Facing," *Road Builders' News*, November-December 1952, p. 7.
[223] Eisenhower, Dwight David, *Inaugural Addresses of the Presidents of the United States from George Washington 1789 to Richard Milhous Nixon 1973*, U.S. Government Printing Office, 1974, p. 257-262.

As President Eisenhower began his first term, the annual report of the BPR for FY 1953 summarized the status of the Interstate System:

> There has been a progressive increase in the mileage completed each year. At the close of the FY [June 30, 1953] a total of 6,417 miles of system improvements had been completed with Federal funds made available since World War II. Total cost of these improvements was $954,756,415, including $489,364,199 of Federal funds . . . . In a survey of the condition of rural portions of the interstate system it was found that only 24 percent of the mileage was adequate for present traffic and 76 percent was in need of improvement or reconstruction. On 16 percent of the mileage the need was considered critical.

The report added:

> A much more rapid rate of construction is required if the 37,800-mile system is to be made adequate within a reasonable period of years.[224]

Moreover, much of the improvement had occurred on the existing U.S. numbered highways in the Interstate corridors, rather than on new location, and had satisfied design standards developed by AASHO and adopted by the PRA for the Interstate System in 1945. As a result, the improved routes often retained the location and design deficiencies of the original route.

Although the new President would eventually demonstrate that his campaign statement reflected his personal views, his first priority was ending the war in Korea. From the start of the Administration to the end of the war in July 1953, the President and his staff did not formulate a policy on the highway program.

The Governors Take a Stand

While the Administration put the issue off, the Nation's Governors were making the Federal-aid highway program one of their top targets.

On January 21, 1953, the day after the President's inauguration, Governors Kohler and Dan Thornton of Colorado, also a Republican, met with the President at the White House. In addition to a lunch of fried chicken, the President gave the Governors a White House tour. During the visit, the Governors discussed several topics with the President, including mining, reclamation, and other natural resources problems affecting the West. The Governors also discussed the conflicts between Federal and State taxes on the same products, including gasoline, income, and automobiles. Governor Thornton suggested that the Federal Government get out of these fields of taxation, which he said traditionally belonged to the States.[225]

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[224] Annual Report, Bureau of Public Roads, FY 1953, p. 5-6.
[225] "President's First Day: Up at 7:30, He's Busy," *The New York Times*, January 22, 1953. "Ike Displays Interest in Proposal to Return User Taxing to States," *Transport Topics*, January 26, 1953.

That same day, the Governors' Conference Committee on Intergovernmental Relations and Tax and Fiscal Policy met at the Mayflower Hotel in Washington. In addition to Governors Kohler and Thornton, the committee included its chairman, Governor Alfred E. Driscoll of New Jersey (R); James F. Byrnes of South Carolina (D); John D. Lodge of Connecticut (R); G. Mennen Williams of Michigan (D); William S. Beardley of Iowa (R); and Lee of Utah. The committee had been convened because the Governors' Conference had concluded that, "The tax policies of the federal government have made it virtually impossible for the state and local governments to obtain the revenues which they require." The Governors were particularly concerned about the "levying of taxes upon identical products by both state and federal governments" and wanted the committee to explore the proposition that:

> . . . more efficient service to the citizens could be rendered at lower cost if certain of the taxes now levied by the federal government were abandoned to the states in lieu of federal grants-in-aid.[226]

The committee decided that it would first consider Federal grants for highways and the 2-cent Federal gas tax. It directed the Council of State Governments to review the issue and provide a report for further consideration.

The Council's report, completed on February 20, 1953, stated:

> It is proposed that the Congress reduce federal expenditures by discontinuing the grant-in-aid program for highways, making special provision, however, for those states with large public lands and sparse populations. It is further proposed that at the same time legislation be enacted repealing the federal gasoline tax, thereby permitting the adoption of the two-cent tax in the several States.[227]

This change, if enacted, would result in a short-term loss of Federal revenue. The Council calculated the initial loss:

> If this were accomplished it would mean, using United States Bureau of the Budget estimates for fiscal 1954, that the national government could save $575,000,000 while losing in gasoline tax revenues approximately $920 million—a net loss in federal revenue of some $345,000,000, less than one-half of one per cent of estimated national revenue in fiscal 1954 . . . . As an immediate effect, the re-enactment of the two-cent tax by the states would provide about $345 million in additional revenue for roads based on state gasoline tax collections in fiscal 1952.[228]

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[226] Resume of Meeting, Governors' Conference Committee on Intergovernmental Relations and Tax and Fiscal Policy, Mayflower Hotel, Washington, D.C., January 21, 1953, p. 1.
[227] Memorandum Proposing the Discontinuance of Federal Highway Grants and the Repeal of the Federal Gasoline Tax, Council of State Governments, February 20, 1953, p. 1.
[228] Council of State Governments, p. 1-2

Part of the Federal Government's loss would be made up by the efficiency of eliminating "the administrative duplication which now is part of the Federal Highway Act." Also counter-balancing the loss, in philosophy if not dollars, would be the affirmation of the States' responsibilities:

> Every state now has a highway department with engineering and construction talent of a professional nature . . . . Competent professional people are . . . being attracted and are increasingly being paid salary schedules to insure their retention in the states. With these conditions, many Governors, expert consultants and state legislators are convinced that standards and specifications for road construction and maintenance will be kept at a high level.[229]

That would be "the primary gain to the nation," according to the Council.

Further, the Federal and State duplication of effort was "often a waste of engineering personnel." The report amplified this thought:

> Countless hours of conference between state personnel and federal officials in approving highway construction and maintenance result in a waste of time on matters which state administrators are capable of deciding for themselves.[230]

The BPR would, of course, be weakened by the proposal, and this was recognized as a potential problem, especially for the Interstate System:

> This raises the issue whether the states, acting jointly, cannot themselves supply the necessary coordinating mechanism. Consideration could be given to forming compacts among neighboring states to consult and plan highway programs affecting their regions. A further possibility is the proposal for a compact among all forty-eight states in the highway field.[231]

Another acknowledged concern was that pressure might be brought on the State legislatures to build local and rural roads, rather than the important, heavily traveled roads:

> This, however, is a matter for the individual state legislatures to decide responsibly and responsively. No gains to democratic state government can be achieved by irresponsible appeal to high levels of government in order to avoid making necessary local decisions.
>
> The solution to these problems can be found in the determination by the states, acting singly and in concert, to modernize and maintain a system of highways adequate to support present and emerging highway needs.[232]

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[229] Council of State Governments, p. 8.
[230] Council of State Governments, p. 9.
[231] Council of State Governments, p. 14.
[232] Council of State Governments, p. 15.

The Governor's Conference adopted the proposal that the Federal Government should relinquish the gas tax in favor of the States.

On February 26, Governor Kohler returned to the White House for a conference with the President on Federal-State relations and reducing or eliminating costly programs and duplicate taxation. Joining the meeting were congressional leaders, Texas Governor Shivers, now president of the Governors' Conference, and Governors Driscoll and Byrnes. The President participated in the conference from its start at 10 a.m., until he departed at 1:45 p.m. for a golfing holiday in Augusta, Georgia.

Participants agreed on formation of a tripartite commission consisting of members representing the President, the Congress, and the Governors. According to Senator Taft, the Majority Leader who had been the President's chief rival for the nomination, the commission would survey health, welfare, education, and road programs, with the Social Security program as a primary target. The Governors, noting that the States were generally in better financial condition than the Federal Government, offered to contribute $50,000 as well as staff members to get the commission started.[233]

The President, according to a White House statement after the conference, favored a bipartisan commission that would propose legislation "to eliminate hodge-podge duplication and waste in existing Federal-state relations affecting governmental functions and taxation." The President outlined the purpose of the meeting:

> For a long time I have thought that there must be a clarification of the responsibilities of the state and federal governments in many fields of public activity. The federal government has assumed an increasing variety of functions, many of which originated or are duplicated in state government.
>
> Another phase of this problem relates to taxation. The existing systems of taxation, both at the federal and state level, contain many gross inequalities insofar as the tax burden between citizens of different states is concerned. There is often a pyramiding of taxation, state taxes being super-imposed upon federal taxes in the same field.

The goal of the commission, the President said, would be "to safeguard the objectives" of joint Federal-State programs "from the threat imposed by existing confusion and inefficiency."

On March 30, the President sent a message to Congress on Federal Grants-in-Aid. He was seeking a way "of achieving a sounder relationship between Federal, State, and local governments." The present division of activities had developed over "a century and a half of piecemeal and often haphazard growth." In recent decades, this growth had "proceeded at a speed defying order and efficiency." Reacting to emergencies and expanding public needs, the Federal Government had

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[233] Leviero, Anthony, "Eisenhower Starts Wide Study to End U.S.-State Conflict," *The New York Times*, February 27, 1953.

launched one program after another, without ever taking time to consider the effects of these actions on "the basic structure of our Federal-State system of government."

The Federal Government had entered fields that the President felt are primarily the constitutional responsibility of local governments. More than 30 Federal grant-in-aid programs existed, involving Federal expenditures well over $2 billion a year. The result was "duplication and waste." The impact of Federal grant-in-aid programs on the States, he believed, had been especially profound. Whatever good the programs accomplished, they also complicated State finances and made it difficult for the States to provide funds for other important services.

The President believed that "strong, well-ordered State and local governments" are essential to the Federal system of government. "Lines of authority," he added, "must be clean and clear, the right areas of action for Federal and State government plainly defined."

While concerned about this "major national problem," he did not want any confusion about the purpose:

> To reallocate certain of these activities between Federal and State governments, including their local subdivisions, is in no sense to lessen our concern for the objectives of these programs. On the contrary, these programs can be made more effective instruments serving the security and welfare of our citizens.

To address these issues, the President recommended that Congress pass legislation to establish a Commission on Governmental Functions and Fiscal Resources. He said:

> The Commission should study and investigate all the activities in which Federal aid is extended to State and local governments, whether there is justification for Federal aid in all these fields, whether there is need for such aid in other fields. The whole question of Federal control of activities to which the Federal Government contributes must be thoroughly examined.
>
> The matter of the adequacy of fiscal resources available to the various levels of government to discharge their proper functions must be carefully explored.[234]

The President asked Congress to take prompt action so the Commission could complete its report in time for consideration by the next session of the Congress in 1954.

Transport Topics, the weekly newspaper of the motor carrier industry, speculated that the President's decision to call for a commission, thereby delaying action, was "in line with White

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[234] "Federal Grants-In-Aid—Message from the President of the United States, *Congressional Record*, March 30, 1953, vol. 99, no. 54, p. 2560.

House policy not to seek the reduction or elimination of any federal taxes until the budget is balanced." The newspaper added:

> Presumably it will take some time for the Congress to act on the proposal and then it will be necessary for the advisory group to make a study of the entire fiscal relationship between the federal and state governments.[235]

Engineering News-Record was even more explicit:

> The President this week took action to forestall the demand of state governors for federal withdrawal from the use of gasoline taxes and other revenue sources where national and state governments are in competition . . . . The move is designed to stall off any hasty action in the present session of Congress.[236]

The New York Times stated that privately, some conferees conceded that many of the programs in question were here to stay:

> They saw, however, a prospect of at least achieving substantial economies by ending federal participation in some programs. Such a result not only would cut operational costs but also would save the cost of a bureaucratic unit in Washington that allocates the money used by the counterpart bureau at the state level.[237]

The President's message did not mention the Federal gas tax or the Federal-aid highway program, but both fell within the purpose of the proposed commission. Moreover, the Federal-aid highway program was the Federal Government's largest grant-in-aid program and State officials had long maintained that taxes on gasoline were a State responsibility.

The National Highway Users Conference had reported earlier in the month on "an avalanche of renewed opposition to Federal Automotive Excises." The conference newsletter indicated that dozens of State legislatures had acted on or were about to act on proposals to "memorialize" Congress to get the Federal Government out of the highway tax field. Members of Nebraska's legislature, which had memorialized Congress several years in a row on the subject, were signing a petition asking for immediate repeal of Federal automotive excises.[238]

The newsletter reported that other groups also had recently gone on record favoring Federal withdrawal from automotive excise taxes: AAA ("The Federal Government should retire immediately from the field of automotive taxation"); the Truck-Trailer Manufacturers Association; the National Automobile Dealers Association (the group's president, J. Saxton Lloyd, denounced

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[235] "Eisenhower to Seek Study of Proposal to End U.S. User Taxes," *Transport Topics*, March 30, 1953.
[236] "Federal Grants," *Engineering News-Record*, April 2, 1953, p. 22.
[237] Leviero, Anthony, "Eisenhower Starts Wide Study to End U.S.-State Conflict," *The New York Times*, February 27, 1953.
[238] "Fresh Opposition to U.S. Automotive Taxes May Flood Congress," *Highway Highlights*, February-March 1953.

“excessively high Federal excise taxes on the essential automobile”); the American Farm Bureau; and the National Grange.

State Highway Officials Take a Second Look

State highway officials were beginning to reach the opposite conclusion. Many had wanted the Federal Government to drop the gas tax, but now they realized there was no guarantee that any State legislature would increase its tax by 2 cents if the Federal Government stopped collecting the 2-cent gas tax. State highway officials also had in mind their bureaucratic rivals in the growing number of State toll authorities who used bonds instead of taxes to finance highway construction and had tolls as a steady revenue source. If a State highway agency lost Federal-aid income that was not replaced by increased State tax revenues, tollway officials would benefit because the toll authorities would be the only source of revenue to build expressways.

The alternative to abandoning the Federal excise tax on gasoline was to link it to expenditures for the Federal-aid highway program. Linkage, as Rose pointed out, "offered financial security and vastly expanded opportunities to build roads."[239]

During AASHO’s annual meeting in December 1952, AASHO president Bertram D. Tallamy addressed the issue in his message to the members. As Superintendent of Public Works for New York and chairman of the New York State Thruway Authority, Tallamy was in a unique position to understand the concerns of State highway departments and toll authorities vying for the opportunity to meet the Nation’s highway needs. He conceded that Federal activity in “the financing field” is vital for certain highway systems, but said, “the Federal Government is not now paying its share of the highway costs on those systems, particularly when their activities in this field are viewed in relation to the $2 billion that flows into the national treasury each year from road use taxes.”

Despite this Federal role, the basic responsibility for highway financing, Tallamy said, “is a local one.” He reported that New York had established a commission to study new financing methods for a long-range, expanded highway program. Tallamy recommended that every State establish such a commission and that the Congress initiate a survey at the Federal level:

> To correct the deficiencies in our highway system will require not only money, but a high degree of cooperation among all levels of government. One thing that such a Congressional study should consider is the amount of highway use tax they are now collecting and returning to the States for highway construction.

Referring to the half cent added to the gas tax to help finance the Korean War, he asked, “Where shall the line be drawn?” Imposition of highway user taxes, Tallamy said, falls within the proper

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[239] Rose, Mark H., *Interstate Express Highway Politics 1939-1989*, The University of Tennessee Press, Revised Edition, 1990, p. 46.

jurisdiction of the States. He did not, however, go so far as to call for abolition of the Federal tax:

> There is strong support for the argument that the Federal Government should abandon this tax field, at least in major part, to the States. The proposal merits careful study. In the meanwhile, I believe this Association should oppose vigorously any further increase in the imposition of Federal highway use taxes. In the critical years ahead the States will have urgent need of their full taxing powers. Any further intrusion by the Federal Government into this field would have the practical effect of circumscribing these powers. Whatever solutions we propose for the highway problem at the State level, might well founder on the shoals of inadequate finances.[240]

Some Members of Congress were beginning to support linkage between Federal highway user tax revenue and highway expenditures. Senator Warren Magnuson (D-Wa.), for example, introduced S. 216 on January 7, 1953, to set aside revenue from excise taxes on automobiles, tires and tubes, gasoline, and lubricating oil for the Federal-aid highway program. All revenue collected from these sources would be "appropriated" to the "Federal-Aid Highway Trust Fund" and all trust funds would be for highway projects. The funds would be apportioned among the primary system (45 percent), the secondary system (30 percent), and the urban system (25 percent).

On March 3, 1953, Representative John C. Kluczynski (D-Il.), a member of the Committee on Public Works, introduced an identical bill designated H.R. 3637. As he did so, he commented on the condition of the Nation's roads:

> In 1941 we began running out of roads when we had 32 million motor vehicles registered. Our main highways were bursting at the seams. To the present time roadbuilding and maintenance has been interrupted and so today with 52 million vehicles using the highways our whole economy has and is being built around motorized transportation of both people and property.

The result of the increasing number of vehicles, while highways remained static, was that the main highways were "badly congested, being too narrow, too winding, and antiquated."

He explained the logic of the trust fund idea:

> Why should not the public that pays the tax from motorized traffic then have the full benefit and assistance that tax can provide?

He added:

> Our whole economy and federal defense must have this aid. It is the only way we can keep America on the move.[241]

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[240] Tallamy, B. D. "President's Annual Address," *American Highways*, January 1953, p. 28.
[241] "Automobile Excise Tax to Aid Federal-Aid Road Program," *Congressional Record*, March 3, 1953, p. 1569.

Commissioner of Public Roads

In April and May 1953, the Subcommittee on Roads of the House Committee on Public Works held hearings on National highway needs. In inviting witnesses to testify, Chairman J. Harry McGregor (R-Oh.) asked each witness to be prepared to comment on 12 issues:

1. Proposal of governors' conference that the Federal Government relinquish the tax on motor fuel in favor of the States.
2. Proposal of governors' conference that the activities of the Bureau of Public Roads be curtailed.
3. Proposal that Federal motor-fuel taxes be deposited in a trust fund for highway purposes.
4. Proposal for the extension of turnpikes and toll roads as well as transcontinental superhighways.
5. Proposal to increase funds for interstate system of highways.
6. Possible participation by the Federal Government in maintenance and repair costs.
7. Comparison of administrative and engineering expenditures for highway purposes in the various States.
8. Direct local effects of constructing highways which bypass urban areas—benefits or detriments?
9. Proper allocation methods with respect to access roads. (Defense plants—timber access—mineral resources and the like.)
10. The relationship of existing highways to military and civilian defense requirements necessary to meet an emergency.
11. Coordination by Federal agencies in the planning and construction of roads through national parks, forests, Indian reservations, and other Government-owned land.
12. The effect of heavy vehicle traffic on the highway specifications and construction costs. Present highway safety programs and means for increasing their effectiveness. Miscellaneous legislative proposals to improve the Federal-aid highway program.[242]

One of the initial witnesses was the head of BPR, but for the first time since 1919, he was not Thomas H. MacDonald. In 1951, MacDonald had reached the government's mandatory retirement age of 70 and had, therefore, retired. Because of the Korean War, President Truman persuaded MacDonald to stay on as interim head of the BPR for the duration. This request reflected the President's sense that in an emergency, it would be best to retain MacDonald, the most respected man, nationally and internationally, in his field.

Two months after the start of the Eisenhower Administration, MacDonald retired on March 31 at the request of Secretary of Commerce Sinclair Weeks. In speaking to the press prior to leaving

[242] *Summary of Hearings*, National Highway Study, House Committee Print No. 9, 83rd Congress, 1st Session, Subcommittee on Roads, Committee on Public Roads, April 15-July 14-1953.

office, MacDonald stressed the importance of the Federal-State partnership he had done so much to create and sustain:

> [It] is a workable plan to accomplish a continuing program that involves both local and national services; second, it sets a pattern in harmony with the concepts of federal government.

Speaking of the Federal Aid Road Act of 1916, he told reporters:

> [It] recognized the sovereignty of the states and the authority retained by the states to initiate projects. All through the legislation since then, the same mechanism of checks and balances has been maintained evenly so that the states and the federal government both have to agree before they can accomplish a positive program.

The condition of the Nation's roads was, as ever, on his mind. Much of the original Federal-aid system had been surfaced by the mid-1930s, but only to the standards for that period. As he said during his last speech to AASHO as Commissioner, that "is ample evidence that highways today are only fractionally as adequate for today's traffic demands as they were two decades ago."[243] Less than 25 percent of the Interstate System was adequate for modern traffic (adopting the view that construction of the Interstate System would mean upgrading the current road to meet Interstate standards). About 16 percent of the System was "critically deficient."

To meet growing needs, he told reporters:

> It is logical to borrow for important needs and to retire the borrowings from user income. By setting aside the income from a fraction—say a cent of the gasoline tax, there is an assured fund that can be used to retire bonds.

His view on toll roads was cautious:

> Financing toll roads with bonds paid for entirely out of revenue [tolls collected on the road] can lead us into a dangerous situation. Only certain stretches of heavy traffic roads, like the New Jersey Turnpike, can be self supporting on that basis.

Issuing bonds backed by earmarked gasoline tax receipts was one way of paying the difference between bond charges and toll collections.

MacDonald told the reporters that the Federal Government collected $800 million a year in fuel tax revenue but provided funds to the States at a rate of only $575 million. He thought it "desirable to equate federal aid to federal gas tax revenues." He was not, however, convinced that all Federal highway user tax revenues should be dedicated to highways, citing excise taxes on such products as perfume and alcoholic beverages as examples of taxes levied simply to meet government expenses.

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[243] MacDonald, Thomas H., "A Choice of Guides," 38th Annual Meeting, American Association of State Highway Officials, Kansas City, Missouri, December 10, 1952, p. 12.

"Take the cigarette tax," he explained. "I don't know how you would apply its proceeds for the benefit of cigarette users."

MacDonald stayed in Washington only 1 more day. On April 1, 1953, he looked on as Secretary Weeks administered the oath of office to the new Commissioner of Public Roads, Francis V. du Pont. That same day, MacDonald left for College Station, Texas, where he would work part time to help Texas A&M University develop a transportation institute in collaboration with the Texas highway department.[244]

Engineering News-Record commented that, "The Bureau of Public Roads is a monument to MacDonald."[245] The man who was to take control of that monument had once followed in the footsteps of another great man. In that case, the great man had been his father, T. Coleman du Pont, the wealthy engineer and good roads advocate who had been active in the National Highways Association and the push for the Townsend Bill in 1919 to 1921.

Du Pont, like his father, had graduated from the Massachusetts Institute of Technology (in 1917). In 1922, he became a member of the Delaware State Highway Commission and remained on the commission until 1949, serving as its Chairman for 23 years. During those years, he converted his father's highway into a divided highway from Wilmington to Dover, which one historian, John B. Rae, has called "the first important arterial highway to adopt the dual roadway technique."[246] Du Pont also played a major role in planning the Delaware Memorial Bridge. When it opened in 1951, the bridge was the longest suspension span in the world. As Secretary Weeks said in announcing the appointment, du Pont was "nationally recognized as one of the foremost administrators of public highways in America."[247]

In early interviews, du Pont opposed "earmarking" or linkage of Federal highway user taxes for road purposes, quoting Governor Thomas E. Dewey (R-NY) on the subject: "Would you use the revenue from alcoholic taxes for the benefit of alcoholics?" Du Pont also opposed the dissipation of large portions of the Federal highway budget for secondary roads. He favored the use of Federal revenue for the primary intercity highway system, particularly where local tax collections were insufficient. However, he thought toll highways were satisfactory where traffic was heavy enough to support the bonds.

Asked by a reporter why he was coming out of retirement to return to public life, the wealthy du Pont did not reply directly but did say, "I can assure you I'm not in it to make a living." Du Pont, who served without pay as chief highway executive in Delaware, added, "I don't even know what the job pays." The annual salary was $16,000.[248]

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[244] The institute is the Texas Transportation Institute.
[245] The `Chief' Retires," *Engineering News-Record*, April 9, 1953, p. 128.
[246] Rae, John B. "Coleman du Pont and his Road," *Delaware History*, Spring-Summer 1975, p. 180.
[247] "Du Pont to Succeed MacDonald as Chief of U.S. Road Bureau," *Mississippi Highways*, April 1953., p. 12.
[248] *Mississippi Highways*.

As for taking over the BPR, he said, "I'm going to do an awful lot of looking." He promised to devote a large share of his time to building on the BPR's relationship with the State highway agencies to obtain full support for national highway policy. Du Pont also intended to make an intensive survey of the BPR to improve its economy and efficiency.

Despite the respect du Pont had earned within the highway community, doubt existed about the future of the BPR. Secretary Weeks had strong views on who would be setting policy within the Department of Commerce. It would not be bureau heads.

Departmental Order No. 128, signed by Secretary Weeks on February 13, 1953, created an "Under Secretary of Commerce for Transportation." The Under Secretary was to be "the principal adviser to the Secretary on all policy matters concerning transportation within the Department and on all matters concerning the transportation policies of the Government." He would also, "Exercise direction and supervision of the . . . Bureau of Public Roads . . ." as well as the other transportation-related agencies within the Department (Weather Bureau, Coast and Geodetic Survey, Inland Waterways Corporation, BPR, Civil Aeronautics Administration, Maritime Administration, and the Federal Maritime Board). Moreover, all the authority and program functions vested in the head of the BPR and the other Agencies, "are hereby made subject to the supervision and coordination of the Under Secretary of Commerce for Transportation."

As *Engineering News-Record* explained, more than half of the Commerce Department's budget went for the Federal-aid highway program. "Secretary Weeks has no intention of letting that amount of money go out without supervision from the top."[249]

In short, du Pont would not have the control that MacDonald, with his years of service and mammoth reputation, had enjoyed during his service to six Presidents. This change in the BPR's role was acceptable to du Pont. Later in the year, in his first address to AASHO as Commissioner, du Pont said:

> As you well know, Public Roads is purely an administrative agency. It has no policy making role or legislative responsibility. These are the joint responsibility of the Administration and the Congress.[250]

The Hearings on the Road Question

The Subcommittee on Roads of the House Committee on Public Works opened its hearings on April 14, 1953.

Under Secretary of Commerce for Transportation Robert B. Murray was the first witness. (Weeks had intended to testify on the first day but another commitment prevented him from doing so.)

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[249] MacDonald retires as Commission of Public Roads; F. V. du Pont takes over," *Engineering News-Record*, April 2, 1953, p. 52.

[250] Du Pont, Francis V., "What's Going On In Public Roads," November 10, 1953, *American Highways*, January 1954., p. 11.

Murray, a banker from Pennsylvania, had been president of the Pennsylvania Economy League for 7 years. The league had studied all phases of government operations related to highways "because of the seriousness to Pennsylvania of the highway situation."

Chairman McGregor asked Murray if Department Order No. 128 was a move, as rumored, to do away with the BPR. Murray replied:

> I have no knowledge of such a movement and I think if there were such a movement, it would have no sympathy in the Department . . . . I can tell you, Mr. Chairman, that there is not even any consideration of it. I have not even heard the rumor. I thought I heard most of the rumors around Washington, but that is one that I have not heard.

He added that, "Mr. du Pont and I have known each other for a long time and I am sure that we are not going to have any trouble." Murray deferred to Commissioner du Pont on other issues and on the questions Chairman McGregor had asked witnesses to address.

Du Pont, the second witness, indicated that while he was reviewing the organization, operations, and policies of the BPR, "we are not prepared to make specific comment on the committee's inquiries so far as they relate to policy matters." He would restrict his statement to presenting "such facts as we have at hand."

Turning to the Chairman's questionnaire, du Pont addressed the first two questions, regarding the Governors' Conference recommendations that the Federal Government relinquish the gas tax and curtail the BPR's activities:

> I doubt that there has been a time in the long life of the Bureau of Public Roads where there have been so many and divergent opinions voiced as to the role of the Federal Government in our highway program. These philosophies range all the way from complete return to the States of highway responsibility and withdrawal of the Federal Government from the gasoline tax picture, to continuance of the present plan, to linkage between the aid to States and the total gas tax collection, even to the view that all the excise taxes now collected in the area of transportation be allocated to the Federal-aid to highways program. The whole problem is so intricate and the effects of any ultimate choice of a plan will be so far-reaching that I feel it demands more time than we have had to arrive at a firm conclusion.

Further, any plan finally adopted should be coordinated with the conclusions of the President's proposed Commission on Governmental Functions and Fiscal Resources. Du Pont declined to comment more specifically on the first two questions, although he indicated that the BPR would carry on as in the past.

As for the Interstate System, du Pont stressed its importance:

> It is an important link in the production facilities of this country, forming as it does part of a grand-scale industrial assembly line. Uninterrupted highway transportation over this system is essential to our defense effort and to our peacetime economy.

The "great importance of this system," he said, would justify increased funding, which he thought should be distributed on a population basis. However, he also thought that any funds should be apportioned in a way that allowed the States to make "equal progress in its improvement."

Secretary Weeks testified on April 27. "Not being an expert on roads," Weeks said he did not have a formal statement. The Chairman's first question was about Department Order No. 128. The Secretary replied: "There is nothing intended or implied, so far as I know, in that directive that in any way, shape, or manner tends toward any watering down, so to speak, of the Bureau of Public Roads. My conception is that they will go on operating as they have, carrying out the program which is placed before them by the Congress."

The more than 50 witnesses who addressed the committee represented every aspect of the highway transportation community. As du Pont's comments suggested, they were sharply divided on the issues Chairman McGregor had asked them to discuss.

Responses to the Governors' proposal to eliminate the Federal tax on motor fuel illustrate this diversity. State Highway Commissioner Charles M. Ziegler of Michigan, speaking as president of AASHO, said that AASHO had several times suggested the Federal Government retire from the motor fuel tax, leaving it to the States. However, because Congress had chosen not to take that advice, AASHO at its annual meeting in 1952 had adopted a resolution stating that Federal-aid for highways should not be less than the receipts from the Federal gasoline tax.

Chairman McGregor asked where the funds for the Federal-aid program would come from if the Federal Government abandoned the gas tax to the States. Ziegler replied:

> There are other finances in this picture, possibly, but it is a Federal department and we feel it certainly should be financed. Maybe this is not the thing to say, but we have confidence in you gentlemen that you might find the necessary funds to continue the Bureau.

McGregor commented, “It is a little difficult now to find funds even to balance the budget.”

In response to a later question from the Chairman, Ziegler said, “If you turn that over to the States and get out of the 2-cent Federal gas tax, then that eliminates the request from Congress [to the States] for additional matching.” The dialogue continued:

> Mr. McGregor. Then you are of the opinion that we would not get any further requests from the State governments for Federal funds to match funds for highways?

> Mr. Ziegler. Well, that is hard to say in other States. So far as our State is concerned, I do not believe you would.

Representative Fallon also asked about the States' reaction to a reduction of the Federal tax:

> Mr. Fallon. Mr. Commissioner, do you feel that if the Federal Government would retire from taxing gasoline and oil there would be more money for the construction of roads?
> Mr. Ziegler. I have an idea, and it is only my personal idea, that if right now the Federal Government were to retire from the field of the 2-cent gas tax the States generally would not pick it up and reenact it in their own local legislatures. In Michigan they had an increase which the legislative provided in 1951. I doubt if they would pick this up.
> Mr. Fallon. To take my own State of Maryland, they have just increased the tax on gasoline. Do you not feel that a State legislature would be reluctant for political reasons—and that is what we have to deal with at home—to put this tax on gasoline on the State level, and that it might be a period of years and years before you ever reached a point where we would begin collecting additional gasoline tax?
> Mr. Ziegler. That is right.

Greer of Texas testified that his State favored Federal withdrawal from the motor fuel taxes, as did State Road Commissioner H. K. Griffith of West Virginia and E. L. Schmidt, Secretary of Highways of Pennsylvania. Schmidt summarized the views of those who favored Federal withdrawal:

> Federal Government should discontinue collecting taxes on gasoline which taxes should be the prerogative of the individual States with all the funds derived therefrom to be used only for highways and streets.

G. D. Hatfield, the chairman of New Mexico's State Highway Commission, testified in favor of retaining a Federal motor-fuel excise tax:

> We favor the retention of a Federal motor-fuel excise tax as the most efficient and equitable means for collecting and distributing that portion of road-user fees which would be properly chargeable against interstate motor-vehicle usage, and to discharge the obligation of the Federal Government with respect to roads in Federal lands.

The Governors' Conference did not testify, but Governor Hugh Gregg of New Hampshire submitted a statement that Chairman McGregor entered into the record on June 10. As a member of the Governors' Conference, he said, he "wholeheartedly" supported the view that the Federal Government should retire from the field of motor-fuel taxation. The State legislature, he said, had adopted a resolution supporting this view.

Other groups that endorsed elimination of Federal motor fuel taxes included: AAA, the American Farm Bureau, the American Trucking Associations, the American Petroleum Institute, the Automobile Manufacturers Association, the National Association of Motor Bus Operators, the

Texas Good Roads Association, and the Truck-Trailer Manufacturers Association. Support for the Federal motor fuel taxes came from the Mayors of Cleveland, Indianapolis, and Miami; the Director of Expressways for Milwaukee; the National Association of County Officials; the National Farmers Union, the National Grange; and Detroit's Superintendent of Public Works.

The statement by William A. Stinchcomb, Senior Vice President of AAA and Chairman of its Highway Committee, illustrates the sometimes contradictory views of witnesses. Stinchcomb stated that AAA supported acceleration of the Interstate System, which he called "the most important highway network in the country." Not only should funding be increased for Interstate construction, but the Federal share should be increased from 50 percent to 75 percent. These measures would "go a very long way toward ending the current rash of toll-road proposals," a long-time goal of AAA. Further, AAA supported continuation of the BPR and the Federal-aid highway program, but thought the program should focus only on roads of national significance in rural and urban areas.

At the same time, Stinchcomb stated:

> It has traditionally been the view of the American Automobile Association that the field of motor fuel and motor-oil taxation should be the prerogative of the State and the State alone. The association therefore opposes Federal excise taxes on motor fuel and motor oil, believing that these excises interfere with the use of this field of taxation by the States for highway purposes.

As a policy matter, AAA believed that the Federal-aid highway program should be financed from general tax revenue because the benefits were to the Nation, not just to motorists. "We are getting our eggs all scrambled in this taxation field."

The Committee members questioned Stinchcomb about the implications of these positions. Representative John J. Dempsey (D-NM.) asked, "Do you think that the States would immediately each put on a 2-cent additional tax on gasoline?" Stinchcomb admitted, "I am impelled to say I do not."

Chairman McGregor stated, "If you take the 2-cent gasoline tax off, whether it is State or national, you are not going to have money to build roads." Stinchcomb did not agree, since the States would at least have revenue from present motor fuel taxes while general tax revenue would fund the Federal program.

Representative Thaddeus M. Machrowicz (D-Mi.) asked if AAA's view would change if the revenue from the Federal motor fuel tax were used "to a greater extent" for highway purposes:

> Mr. Stinchcomb. Speaking clearly as a matter of fiscal policy and from the field of taxation, I would think that theoretically our position is sound.
> Mr. McGregor. We are not dealing with theories, Mr. Stinchcomb.

> Mr. Stinchcomb. Well, for heaven's sake then, if you are going to diminish the amount of Federal appropriations for highways, if you should come to the conclusion you would abandon your position [in support of] the excise tax on gasoline, then I would say at this meeting today, "Don't do it."

Unlike AAA, several others who favored ending the Federal motor fuel tax also favored curtailing the BPR's activities. For example, Pennsylvania's Secretary Schmidt said:

> Pennsylvania is in favor of continuing the Bureau of Public Roads as a consulting and coordinating agency so that uniform standards of construction, maintenance, and traffic control may be continued. They are not required as an operating agency. This should result in a considerable saving in overhead costs to the federal Treasury.

For the most part, though, the witnesses endorsed continuation of the BPR without curtailment, many offering high praise of the Agency. Speaking on behalf of AASHO, Zeigler said:

> The Bureau of Public Roads has played an important part in establishing the highway plant necessitated by the unprecedented growth of motor transportation. It has had a very beneficial and stabilizing effect on road policy in many of the States. Through its foresight important physical research and planning have been embarked upon by all of the States. With it, much of this factual information that is being presented today would not have been available. The Bureau of Public Roads had a strong influence in bringing about uniformity of practice in highway design and construction throughout the Nation. Only through uniformity of the Federal-aid systems of highways have we been able to bind together and to so greatly strengthen the economy of our Nation in this motor age.
>
> It is equally important in view of the unprecedented increase in traffic and rapid development of improved types of motor vehicles that these national systems of highways be expanded and redeveloped on a generally uniform basis throughout the Nation through the coordination which the Bureau of Public Roads now furnishes and should continue to furnish.

Governor Gregg also favored continuation of the BPR:

> It is our belief that the Bureau of Public Roads has been a fine example of a sound and progressive agency and that under any conditions it must continue to coordinate the interstate system and major portions of the primary and urban systems since these are of national importance.

Some of the other comments on the BPR:

> Mayor Thomas A. Burke of Cleveland: It is hard for me to understand why there should be any suggestions for such curtailment . . . . I would think there would be every argument for

> enlargement of its role, if only for the protection of the public in securing the very best standards of road construction on this national system.
>
> Commissioner George G. Hyland, Department of Public Works, Boston: I wish to state that I feel that the Bureau of Public Roads has done more than any other single agency to promote a safe, adequate highway system throughout the country.
>
> Raleigh W. Gamble, Director of Expressways, Milwaukee: I do not know how we would get along without the engineering and research material that is coming out, and the cooperation of the Bureau.
>
> Major General Ike Ashburn, Texas Good Roads Association: We believe it is essential that the Bureau of Public Roads activities be continued because only in that way can we achieve and maintain an integrated program of highway construction for national defense.

ARBA, the American Trucking Associations, the Associated General Contractors of America, and the Department of the Army were among the others who endorsed continuation of the BPR.

Some witnesses, such as Mayor Alexander M. Clark of Indianapolis, favored retaining the BPR but limiting its activities "for economy reasons" to such activities as the handling and direction of the funds placed in trust and coordinating defense activities with regard to highways. The city and State could do the highway construction work “more economically and efficiently at a local level and it will also tend to cut down on bureaucratic spending.” When asked for examples of waste, he indicated, "I do not know too much about what their personnel problem is, or what their functions are," adding "the only information I would have might be hearsay, and I could not put my finger on it." Similarly, the legislative counsel of the National Grange, J. T. Sanders, favored curtailing the activities of the BPR so it would serve only as a coordinating agency for the States.

The third issue raised by the Chairman, whether to deposit Federal motor fuel taxes in a trust fund for highway purposes, also received a split reaction. Some who favored repeal of the taxes also opposed creation of a trust fund. Others, including Ziegler on behalf of AASHO, favored repeal but suggested that if repeal did not occur, the Federal-aid highway program should be funded at the same level as the gas tax revenues. He did not specifically endorse a trust fund for highway purposes, but others, including Governor Gregg, believed it would be desirable:

> If the Congress does not see fit to relinquish the tax on motor fuel in favor of the States, the proposal that the Federal motor-fuel taxes be deposited in a trust fund for highway purposes is good.

Cleveland Mayor Burke preferred to see funding levels "left to an annual review by an elected body."

Groups and individuals endorsing a trust fund included the American Municipal Association, Mayor Clark of Indianapolis, and the Air Transportation Association of America.[251] Opposing the trust fund concept were AAA, the Chamber of Commerce of the United States, National Association of Motor Bus Operators, the National Association of County Officials, and the Rubber Manufacturers Association.[252]

Officials of Boston, Chicago, Detroit, Miami, Milwaukee, and other urban areas believed that the time had come to address urban area problems. They felt that the State highway agencies had a rural bias. Boston wanted direct Federal-aid to urban areas. Several thought urban Interstates should be a priority, with the Federal Government providing up to 100 percent of the funding. Urban area representatives also felt that their populations provided most of the highway user tax revenue, but that much of it was being diverted to rural needs that were far less severe.

Perhaps no witness had a harder time than Matt Triggs, Assistant Legislative Director of the American Farm Bureau Federation, an organization of 1.5 million farm families. He said that his federation believed that the taxation of motor fuels should be reserved to the States. It opposed toll superhighways, but also large expenditures by the Federal Government for toll-free superhighway construction that would unbalance the Federal budget. When Triggs said funds for the Interstate System should be kept at current levels until the budget is balanced or serious unemployment occurs, Representative Dempsey asked Triggs what he thought that amount was. Triggs acknowledged he would be guessing, but thought the figure was about $280 million:

> Mr. Dempsey. I would settle for a difference of $225 million. It is only $25 million.
> Mr. Triggs. You are asking me some technical facts that I do not know . . . . Do you mean a special system within the primary system?
> Mr. Dempsey. That is right . . . .

Returning to his statement, Triggs said that farm people ". . . are frequently disturbed because the Bureau of Public Roads insists on specifications that are considered unnecessarily expensive by local road authorities." The States, he believed, "are capable of establishing standards and specifications without supervision by Federal authority." The federation, therefore, recommended Congress end the BPR's authority to establish standards and specifications for secondary roads.

Representative Robert E. Jones, Jr. (D-Al.), interrupted. He summarized Triggs' views by saying the federation is opposed to the Federal gasoline tax, the earmarking of Federal funds for roads, toll roads, and the Interstate System.

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[251] The association was concerned because taxes on highway tires and tubes, gasoline and lubricating oils were imposed not only on highway users but on aviation sources as well. Taxes from aviation sources should, the association said, be excluded from the trust fund.

[252] In view of the outcome, in 1956, of the long deliberations on the Interstate System, it is worth noting that many groups looked at their self interest from a narrow perspective. By focusing only on whether their group would be taxed, many groups opposed essential features of a program that would greatly benefit their members.

> Mr. Jones. Now you are opposed to any authority contained in law by which the Bureau of Public Roads says Federal moneys have to be spend on secondary roads.
> Mr. Triggs. That is right.
> Mr. Jones. As a matter of fact, Mr. Triggs, you are against the road program entirely, aren't you?
> Mr. Triggs. May I change that a little bit? We are for a larger assumption of responsibility for roads by State government . . . .
> Mr. Jones. You eliminated all the taxes and all the authority of the Bureau of Public Roads to set standardization criteria for the construction of these secondary roads. What other function would the Federal Government have? You would then have to take from the general revenues moneys and appropriate it to roads.
> Mr. Triggs. And allocate it to the States. I do not know what other functions the Bureau of Public Roads has. I do know that one of the things that comes up at meetings of farmers—almost any meeting of farmers—is that they have looked into the road program in their local community and want to build certain roads. They find in order to meet specifications of the Bureau of Public Roads it increases their cost and reduces the amount of roads which they can build.

Chairman McGregor interrupted:

> Mr. McGregor. I guess I was the author of the farm-to-market roads with Federal funds—but I would like to ask you this question. You are recommending that the Federal Government get out of the plans and specifications program of the farm-to-market roads. Is that correct?
> Mr. Triggs. Yes.
> Mr. McGregor. I have been advised on good authority and have carefully checked it, and find those specifications you refer to are drawn by the various highway officials of the States.[253] Such being the case, you are asking that the Federal Government get out of the plans and specifications field and give it back to the States, and the States are the very chaps who are drawing the plans and specifications now. So what good would that recommendation do?
> Mr. Triggs. It may very well be, sir, that much of the local irritation that is reflected to us is based upon State highway departments telling local people, "We cannot do that because the Federal Government won't let us."
> Mr. McGregor. I think you have hit the nail on the head. Some State officials are really misrepresenting the actual facts.
> Mr. Triggs. But I still say that is the feeling of farm people out there.
> Mr. McGregor. I hope that is the thing this committee will be able to bring out—that the Bureau of Public Roads has been the shock absorber for a lot of charges which are not justified.

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[253] The BPR adopted standards developed by the State highway officials acting through AASHO. This practice has been followed by the FHWA and AASHTO.

When the questioning ended, Chairman McGregor thanked Triggs for his testimony. Triggs commented, "I enjoyed being here, even though it did get a little warm, in the way of questions."[254]

Two of the issues Chairman McGregor had asked witnesses to discuss were related to the nature of the Interstate System:

(4) Proposal for the extension of turnpikes and toll roads as well as transcontinental superhighways.
(5) Proposal to increase funds for interstate system of highways.

The responses demonstrated confusion about what the Interstate System was and how it would affect the country. Interstate highways were generally thought to be the U.S. numbered highway in the designated corridor, with the road to be upgraded within its present alignment wherever possible. This view was encouraged by the design standards developed by AASHO in 1945 and concurred in by the PRA.

Ziegler's comments about topic (4) on behalf of AASHO illustrate this perspective:

> The matter of constructing turnpikes, toll roads, and transcontinental superhighways resolves itself simply into whether or not such highways are necessary in certain areas to efficiently accommodate the traffic need. We do not believe that it is necessary nor economically reasonable to use expressway type of design on all sections of transcontinental highways, because the present traffic or that which we can foresee in the reasonable future on many sections does not justify that type of design. The pattern for the desirable location and design standard of transcontinental principal highways has been established adequately by the Congress in its creation of the interstate system of highways. The need for the construction and financing of long expressway sections of this system of highways has not created a problem in a great many of the States thus far.

In reply to topic (5), AASHO favored increased funding to "provide some reasonable progress in the development of the interstate system." Ziegler reiterated AASHO's recommendation that $210 million be set aside for the Interstate System each year, with a Federal-State matching ratio of 75-25:

> In view of its importance, considering the sizable deficiencies that exist, it is felt that a larger appropriation than previously recommended could well be justified. The previous estimate of nearly $11 billion shows the immediate need to bring this present interstate system up to tolerable standards. The construction of this system would automatically take care of a great part of our present highway deficiencies.

Stinchcomb indicated that AAA was "unalterably opposed to transforming free roads into toll roads." He said AAA thought 50 percent of Federal-aid funds should be used on the Interstate

[254] Hearings before the Subcommittee on Roads of the Committee on Public Works, House of Representatives, "National Highway Study," No. 83-1, Part 1, 1953, p. 89-108.

System. John V. Lawrence of the American Trucking Associations said, “Completion of the interstate highway system . . . in the least shortest time is, in our way of thinking, the first thing that should come first.” The organization condemned the toll-road financing method, which should be employed only “under exceptional circumstances.” The American Municipal Association supported the Interstate System and praised the BPR’s cooperation “in spirit and in fact” with State and municipal officials.

New Mexico’s Hatfield opposed toll financing, but added that “so-called superhighways should be constructed only where sound justification is indicated.” For toll-free construction, he recommended “an amount adequate to insure their development commensurate with needs.” Oregon’s R. H. Baldock indicated that turnpikes were being built because people “are tired of waiting for the type of construction that they have wanted so long.” Interest on bonds for toll financing, however, was “costing them a great deal of additional money that would not be necessary if the roads were built as toll-free roads.” He opposed Federal funding for toll roads, and thought all additional funds should be devoted to construction of toll-free Interstate highways.

Griffith of West Virginia recommended that, “The Federal Government should take over responsibility for construction of the interstate system.” Clem D. Johnston of the Chamber of Commerce of the United States favored reserving Federal-aid for “the roads used primarily by trade in interstate commerce.” Pennsylvania’s Schmidt was opposed to giving special funding for “any specific system”:

> The State in cooperation with the Federal Bureau of Roads should be the judge as to location and expenditure . . . . We wish to protest most emphatically against recognizing the so-called interstate system for special appropriations and allocations.

Mayor Burke of Cleveland thought Interstate funding should be at least doubled. He understood why some areas had turned to toll financing, but he considered it “a much more expensive way of constructing roads.” He preferred “an accelerated program of construction of the national system and on a basis that is without toll tax.” Similarly, Glenn C. Richards, Detroit’s Superintendent of Public Works, said he would “prefer toll roads to no roads; but I do not think toll roads are the answer.” He pointed out that, “There is, however, almost unanimity of opinion as to the desirability of increased Federal participation on the interstate highway system.” Milwaukee’s Raleigh W. Gamble agreed, saying, “I wish to emphasize that a modest increase is not sufficient, but the 1952 appropriation should be increased many times.”

For all the diversity of responses on the three key questions and the other issues Chairman McGregor had raised, Seely commented that what was most striking was "the emerging agreement on several key issues." He pointed out that:

> Almost no one challenged the importance of the Interstate system, and discord on the traditionally divisive subject of rural roads was muted.

Seely observed three other areas of almost complete agreement:

> Every witness concurred that a larger federal highway program was needed. Moreover, most agreed that the Interstate system should become the focus of federal attention because of its transcontinental role and its ability to ease urban congestion . . . . Finally, there was almost complete agreement about maintaining the BPR as the guardian of the federal-aid program. Praise for the bureau came from both witnesses and congressmen . . . .

The growing consensus on these and other points, Seely said, was a tribute to the BPR:

> Every statistic about highway needs, construction progress, or potential costs that surfaced at the hearing came from the BPR.

He added that the BPR was also partly responsible for a growing interest in linking Federal-aid highway funding levels to highway user tax revenue. The BPR and Congress had long believed that the States should reserve State highway user taxes for highway improvements. Many members of the House Committee on Public Works, according to Seely, had come to think of a similar link at the Federal level:

> [The] linkage was a tidy method of dealing with the rising tide of traffic, since it increased funds without appearing to increase taxes. Not only did critics find these arguments hard to refute, but they also had no serious alternative to present.

The interest in a loose "linkage," coupled with ambivalence toward the trust fund concept may, in hindsight, seem puzzling. However, the witnesses had hindsight to guide them, as Seely pointed out:

> [The] state highway officials and the BPR deliberately avoided *directly* linking tax revenues and federal aid, for they remembered that state highway departments had been crippled when gas tax collections plummeted after rationing was imposed in World War II.[255]

As 1953 Ends

Overall, 1953 was a year for gathering ideas, for mulling them over, but not for choosing among them. The focus had been on finding ways to improve the Nation’s highways. As the outgoing President of AASHO, Michigan’s Ziegler, said in his address to the annual meeting in Pittsburgh, Pennsylvania, on November 10:

> Perhaps the greatest accomplishment of our Association during the past year has been our part in bringing about a public realization of the importance of highways to our nation’s economic health, progress and culture.[256]

[255] Seely, p. 208-211.
[256] Ziegler, Charles M., “President’s Address,” *American Highways*, January 1954, p. 4.

Representative McGregor, who had chaired the National Highway Study hearings, also addressed AASHO. The need for highway improvement was clear:

> Without in any way detracting from the great service performed by our railroads and air lines, I believe sincerely that, should there be any serious disruption in our highway transportation, our economy would be completely paralyzed.

He added:

> The astounding number of motor vehicles now using our highways startles the imagination, and the dependence which we place on motor vehicles for our everyday livelihood has gone far beyond the conception of the average citizen.

His subcommittee, he said, had conducted "perhaps the most extensive hearings ever conducted on the subject." A mass of information had been accumulated, along with evidence of division on many controversial issues. But the committee also found agreement on a key point:

> Nearly every witness spoke at length on the urgent need for an increased rate of highway improvement.

Witnesses had disagreed on the role of the Federal Government, but McGregor summed up his views:

> I believe it is an incontrovertible fact that the Federal Government has a great financial responsibility for the provision of an adequate system of highways to serve our country. This responsibility may be predicated on several aspects which I need not explain—national defense, the movement of commerce in interstate traffic, the delivery of our mails, and the private citizen. One of the great contributions wherein Federal interest lies is in providing an adequate road system to permit our people to move freely from place to place thus welding together our 48 States.

He had seen no evidence that would convince him to end the highly successful Federal-aid highway program "to be replaced by some short-lived procedures whose attributes and siren qualities have not been proven beyond the imagined or hoped-for stage." He explained:

> The Federal-aid highway program . . . has been the cornerstone on which the great highway and motor transportation industry of America has been built. With all its faults, it has given us a system of surface transportation unequaled, or even approached, anywhere else in the world.

He believed that the Federal Government should devote the entire revenue from the Federal gasoline tax to the highway system. "The Federal government should not divert highway funds—

neither should the individual States." The Nation's highway problem could not be solved by one level of government:

> It must be solved by all of these agencies sincerely working together to provide an adequate highway transportation system at the least cost consistent with efficient operation and maintenance.[257]

Still, there were those who felt the States would be better off going it alone. Republican Governor John S. Fine, in his address welcoming AASHO to the State, supported that view.[258] He spoke of the importance of highways:

> While we know our roads are not paved in gold, many businessmen as well as citizens are convinced they lead to it.

He pointed out that under the Federal-aid highway program, the Federal Government had contributed less than 18 percent of total construction and reconstruction costs in Pennsylvania from 1930 to 1953. This fact underscored the need for "an immediate mutual reexamination on the part of both federal and state governments—their respective functions in the maintenance of highway construction."

Governor Fine explained that the Governors were in no doubt about the disposition of the Federal gas tax. They had gone on record during the Governors' Conference in August recommending, again, that the Federal Government abandon the Federal claim to taxation on gasoline. He did not dispute the Federal right to participate in country-wide highway planning:

> [But] the chief executives of practically every state of the Union agree, because it is the State's primary responsibility to maintain, supervise and construct the highway systems uniting this Nation, they should be allowed to devote the entire revenue from gas taxation solely for this purpose.

The States, Governor Fine was certain, would produce "a balanced state highway construction program . . . without undue burden upon the taxpayers or the highway users."[259]

Despite such views, AASHO adopted policies in support of a continued Federal role. The Federal-Aid Policy Statement for 1954 noted that since 1933, AASHO had advocated retirement of the Federal Government from the gasoline tax field. Congress had adopted a contrary view, as was its prerogative under the Constitution:

> It is the considered opinion of this association that the Federal financial responsibility in the field of highways should not be evaluated on the source, or method, of deriving revenues which it sees fit to apply in the discharge of its responsibility in the highway field, and that

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[257] McGregor, J. Harry, "Our Highway Transportation," *American Highways*, January 1954, p. 10, 32-33
[258] Governor Fine, Pennsylvania's 100th Governor, served from 1951 to 1955.
[259] Fine, Governor John S., "Address," *American Highways*, January 1954, p. 6, 29-30.

> the Congress should legislate on highway matters in the light of its own good judgment and the economic and defense needs of the country.

Having reluctantly accepted continuation of the Federal gas tax, AASHO had no doubt about the future of the BPR. If Congress decided to make funds available for "a mutual and cooperative program," the BPR must continue to exercise its role:

> The existing highway system is adequate evidence that meritorious cooperation of Federal and State agencies in highway matters is perhaps the most efficient and productive cooperative arrangement ever to exist between the Federal and State governments.

AASHO recommended a $900-million Federal-aid program, with $250 million for the Interstate System to be apportioned on the basis of each State's population.[260]

As 1953 came to an end, the Administration still had not formulated a highway policy. Commissioner du Pont, in his presentation to AASHO, explained that he had not yet decided how to reshape the BPR, although he told AASHO that he had made some changes. He did not say so, but he had found that the BPR had been organized around MacDonald, who made all the key decisions, even on personnel matters. The Deputy Commissioners did not share in management responsibilities. Du Pont thought a staff-type organization was superior for his purposes and had taken steps to establish such an organizational structure. As part of this effort, he initiated weekly meetings with the Deputy Commissioners and the new Solicitor, Henry J. Kaltenbach, to formulate policies and decisions.

Du Pont also ended the practice of waiving the mandatory retirement age of 70 for BPR employees. Many of these men, he felt, "should have retired" and, by not doing so, were adversely affecting the promotion of younger men. He was developing plans for a logical promotion and retirement policy.

He had also been concerned about overhead, which he indicated "was increasing by about $400,000 per annum." He had reversed the trend; expenses of operation for FY 1954 would be $400,000 less than in FY 1953. Moreover, the BPR had retained the management firm of Booz, Allen, and Hamilton to review operations. He planned to adopt every possible proposal included in the review.

Of course, he could not predict what BPR's organizational and overhead needs would be until Congress had enacted the next Federal-Aid Highway Act. That brought him to a key issue, as he told AASHO:

> And now for the $64 question: What is in store for Public Roads and what will be the Federal highway program? This I cannot answer . . . . Regardless of what may be said at

[260] Johnson, A. E. (President of AASHO), "1954 Federal-aid Policy Statement of the American Association of State Highway Officials," *American Highways*, January 1954, p. 14.

> this and subsequent meetings during this convention, the Congress and only the Congress, with Presidential approval or over the veto, can tell the future Federal highway program.[261]

Eisenhower And The Shaping of Policy

In a radio and television address on January 4, 1954, President Eisenhower hinted at his intention to begin focusing on the Nation's highway problems.

> This administration believes that no American—no one group of Americans—can truly prosper unless all Americans prosper . . . . We believe that the slum, the out-dated highway, the poor school system, deficiencies in health protection, the loss of a job, and the fear of poverty in old age—in fact, any real injustice in the business of living—penalizes us all. And this administration is committed to help you prevent them.[262]

Three days later, he returned to the theme in his State of the Union Address. "Much for which we may be thankful," he said, "has happened during the past year." In particular, the war in Korea had ended. Beyond that:

> The nation has just completed the most prosperous year in its history. The damaging effect of inflation on the wages, pensions, salaries and savings on us all has been brought under control. Taxes have begun to go down.
>
> The cost of our government has been reduced and its work proceeds with some 183,000 fewer employees; thus the discouraging trend of modern governments toward their own limitless expansion has in our case been reversed . . . . Segregation in the armed forces and other Federal activities is on the way out.

Amid these and other positive trends, his goal was "the building of a stronger America." He described what he had in mind:

> A nation whose every citizen has good reason for bold hope; where effort is rewarded and prosperity is shared; where freedom expands and peace is secure—that is what I mean by a stronger America . . . . We mean to build a better future for this nation.

He outlined the Administration's plans to sustain a strong economy, which included "public-works plans laid well in advance." On the subject of national highways, the President said:

> To protect the vital interest of every citizen in a safe and adequate highway system, the Federal Government is continuing its central role in the Federal Aid Highway Program. So that maximum progress can be made to overcome present inadequacies in the Interstate

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[261] Du Pont, F. V., "What's Going On In Public Roads," *American Highways*, January 1954, p. 11.

[262] Eisenhower, President Dwight D., "Radio and Television Address to the American People on the Administration's Purposes and Accomplishments," *Public Papers of the Presidents of the United States*, U.S. Government Printing Office, 1954, January 4, 1954, p. 3.

> Highway System, we must continue the Federal gasoline tax at two cents per gallon. This will require cancellation of the ½ cent decrease which otherwise will become effective April 1st, and will maintain revenues so that an expanded highway program can be undertaken.
>
> When the Commission on Intergovernmental Relations completes its study of the present system of financing highway construction, I shall promptly submit it for consideration by the Congress and the governors of the states.[263]

Hearst Newspapers, which had campaigned aggressively for national highway improvement, reacted positively to the President's message. A January 9 article began:

> The understanding of the highway problem demonstrated by President Eisenhower in his State of the Union message is regarded by the good roads movement as an order to step on the gas and get going.

The article quoted several members of Congress, including Chairman McGregor, who said:

> Now that we know where we're going, it's up to us to get the money. We have got to face it. It is going to take an awful lot of money, but it has to be done.

Senator Edward Martin (R-Pa.), Chairman of the Senate Committee on Public Works, acknowledged that he thought the Federal Government ought to get out of the gas tax business, but added that he would support the President's recommendations. "We shouldn't forget the rural roads, but the interstate system demands our first consideration. It must be put into top condition."

The President continued his highway comments in his annual budget message, submitted on January 21. "Efficient transportation and communication services," he said, "are essential to the national economy and the national security." Referring to the presidential commission, he noted that an intensive reappraisal of Federal responsibilities was underway:

> The general principles guiding this reappraisal are that the national interest will usually be served best by a privately owned and operated industry, which is supported by a minimum of Federal funds or Federal basic facilities and services operated at the lowest feasible cost and financed, where possible, by charges levied on the users of the services.

Regardless of general principles, the President reported that expenditures for Federal-aid highway projects in 1955 would be the highest in history:

> Emphasis in the selection of new projects will be given to the national system of interstate highways, which comprises the most important routes for interstate commerce and national defense . . . . We should give increased attention to eliminating the existing inadequacies of the national system of interstate highways. Pending development and review of detailed

[263] Annual Message to the Congress on the State of the Union," *Public Papers*, January 7, 1954, p. 18.

> proposals for extension of the Federal-aid highway program, I am including under proposed legislation the 575-million-dollar level of the existing authorization.[264]

On January 28, the President submitted his annual economic report to the Congress. The military and economic situation gave the American people a "great opportunity" for "a sustained improvement of national living standards." The government must play a role in making this opportunity a reality:

> It is Government's responsibility in a free society to create an environment in which individual enterprise can work constructively to serve the ends of economic progress; to encourage thrift; and to extend and strengthen economic ties with the rest of the world.

Funding for public works was among the weapons available to the Federal Government for maintaining economic stability. He predicted an increase in expenditures by State and local governments, which faced "a vast backlog of needed schools, highways, hospitals, and sewer, water and other facilities." But the Federal Government had a role to play, too. Strengthening the highway system was among the steps the Federal Government could take to "stimulate the expansive power of individual enterprise."[265]

The President raised the issue again at his news conference of February 10, 1954. His opening statement discussed his request that the Federal Government retain the half-cent of the gas tax that was scheduled to expire. His plan was to use the revenue "to push the good roads program throughout the United States." He added:

> In the past, not all of this money has been put out on road construction in matching funds with the States. We hope to do it with all of it, and if we are successful, it will increase the Federal participation, I think, by some $225 million on a matching basis with the States.

(Although the temporary half-cent tax enacted in 1951 was to end on April 1, 1954, the Excise Tax Reduction Act of 1954 extended the tax for a year. President Eisenhower signed the legislation on March 31, 1954.)

The President returned to the subject of the Nation's highway needs on February 17, 1954, when he addressed the 2,500 delegates to the White House Conference on Highway Safety, organized after the President met with industry officials the previous July. He considered safety to be essentially a local or community issue, but "when any particular activity in the United States takes 38,000

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[264] "Annual Budget Message to the Congress: Fiscal year 1955," *Public Papers*, January 21, 1954, p. 176.
[265] "Annual Message Transmitting the Economic Report to the Congress," *Public Papers*, January 28, 1954, p. 215-218.

American lives in one year, it becomes a national problem of the first importance." He explained:

> I was struck by a statistic that seemed to me shocking. In the last 50 years, the automobile has killed more people in the United States than we have had fatalities in all our wars: on all the battlefields of all the wars of the United States since its founding 177 years ago.

He acknowledged that this was a problem that "by its nature has no easy solution." He did not intend to get into the technicalities because "you know much more than I do." However, he felt that the key was public opinion. If, he said, "we can mobilize a sufficient public opinion, this problem, like all of those to which free men fall heir can be solved."

Looking to the future, he saw a continuing problem:

> The same list of statistics that I saw said that in 1975—I don't know why I should be bothered about that year, except I have grandchildren—there are going to be 80 million automobiles on our streets and roads and highways.
>
> Now, the Federal Government is going to do its part in helping to build more highways and many other facilities to take care of those cars. But 80 million cars on our highways! I wonder how people will get to highway conferences to consider the control of highway traffic. It is going to be a job.[266]
>
> But that figure does mean this: we don't want to try to stop that many automobiles coming . . . we want them. They mean progress for our country. They mean greater convenience for a greater number of people, greater happiness, and greater standards of living. [267]

Even as President Eisenhower was beginning to focus on highways, Congress was turning its attention to the biennial need for a Federal-aid highway act. At ARBA's annual conference, held in Atlantic City, New Jersey, the leadership of the House Committee on Public Works made clear that they were ready to advance the legislation. Chairman George A. Dondero (R-Mi.) said he was not in favor of radical change:

> It has been proposed that the Government repeal the Federal tax of two cents a gallon on gas, and that the Bureau of Public Roads be abolished. To do either or both would, in my opinion, be a tragic mistake . . . . To abolish the Bureau would result in chaos and confusion. There would be no coordinating agency to integrate the highway programs of the several States.

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[266] Total motor vehicle registrations in 1975 totaled 133 million vehicles, including 107 million automobiles. *Highway Statistics—Summary to 1985*, FHWA (HPM-10/6-87(4M)P), 1985, p. 25.

[267] "Remarks to the White House Conference on Highway Safety," *Public Papers*, February 17, 1954, p. 258. For information on President Eisenhower and highway safety, see Weingroff, Richard F., *President Dwight D. Eisenhower and the Federal Role in Highway Safety*, FHWA, 2003, at http://www.fhwa.dot.gov/infrastructure/safetypr.htm.

He added a comment that was carried across the Nation by press and radio: "I believe the American people would applaud the suggestion that we reduce foreign aid a billion dollars and spend it on the highways of the United States."[268]

Chairman McGregor of the Subcommittee on Roads also rejected a reduction in the Federal role and elimination of the gas tax. The problem of the gas tax, he thought, was that only about 50 percent of the revenue was being used for highway purposes. He seconded Chairman Dondero's view: "Let's stop sending our excise tax money to foreign countries and use it to build roads, and for other worthy purposes here at home."

As for the Federal-aid highway program, which he said had helped create the world's greatest road network, he rejected the idea of abandoning it:

> This success has been achieved through a State-Federal partnership which has preserved completely the sovereignty of each State and, at the same time, has provided for Federal participation in meeting Constitutional obligations and needs . . . . In a Nation as big and growing as rapidly as America, continuation of this long-range, large-scale highway program is essential to the well-being of our country and its citizenry.

Representative Fallon shared the view of the Republican leadership. "The Federal-aid highway program [is] vital to the national welfare and economy." He added, "There has never been, to this day, any favoritism or partisan politics involved in Federal assistance to the States in highway matters."

Urban expressways, he believed, should receive a high priority:

> We must realize that if our motor vehicle transportation is strangled in the congestion of our urban centers, in a larger sense we may be strangling our whole economy. It would be very poor government, on any level, that would pinch pennies for streets and roads, and particularly urban transportation, and thus paralyze the most effective gear in our economic machine.

Commissioner du Pont also addressed ARBA. He stated that he had come to the BPR with no preconceived ideas of reorganization:

> I had only the conviction that changes would be made in the interest of economy, efficiency, and maximum cooperation and latitude in dealing with each State consistent with our responsibility as directed by Congress.

The division of responsibility between the Federal and State governments was an issue to be decided by the Administration and the Congress. That was not the BPR's job. But he made clear

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[268] Quotes and account of the ARBA conference from "ARBA Annual Meeting a Significant Event," *Road Builders' News*, January-February 1954, p. 5.

that any thought that the Nation could not solve its problem of inadequate highways is “juvenile, pessimistic, and unrealistic.”

Given the extensive hearings in 1953, the hearings on the pending Federal-Aid Highway Act of 1954 were brief—3 days in the House and 6 in the Senate. Most witnesses endorsed the need for urban highways, with the Interstate System as the best approach for providing them. Only rural road advocates were concerned about the emphasis on the Interstate System. Witnesses also advocated the gas tax as the best way to finance the expanded program. As Seely noted, "Even truckers renounced their previously vociferous opposition to federal gas taxes and endorsed the . . . plan."[269]

The bill that emerged from the House Public Works Committee addressed the variety of needs by increasing funds for all of them. The bill authorized $200 million a year for the Interstate System on a 60-40 Federal-State matching basis and increased funding for primary, secondary, and urban roads in FY's 1956 and 1957. It gave increased weight to population as an apportionment factor for the Interstate System, but also made Interstate funding contingent on continuation of the 2-cent gas tax. This implicit endorsement of linkage between gas tax revenue and Interstate construction expenditures was part of the bill the House approved on March 8 without amendment.

As the Senate began its consideration, opponents of provisions in the House bill attempted to gain an advantage. One unexpected opponent of at least one aspect of the bill was the President's Bureau of the Budget, which objected to an increased Federal share for Interstate projects. The objection was based on the concern that a 60-40 matching share would result in less highway construction than if the matching ratio were 50-50.

When the Senate bill reached the floor on April 7, it passed with little controversy. It proposed to authorize funds for each of the programs, including $159 million for the Interstate System at the same matching ratio, 60-40, as the House bill. It did not affect taxes.

House-Senate conferees compromised on funding, with $175 million set aside for the Interstate program at a 60-40 matching ratio and $700 million for the remaining programs. Congress approved the bill on April 14 and sent it to the President.

On May 6 at the White House, surrounded by the Members of Congress who had crafted the bill, the President signed the Federal-Aid Highway Act of 1954. The President was, he said, gratified that this legislation would allow the Nation to increase the pace of efforts to make up highway deficiencies:

> In recent years the nation has accumulated tremendous highway needs which are becoming increasingly acute. Our highways badly need modernization and expansion to accommodate today's vastly increased motor traffic . . . . This legislation is one effective forward step in meeting these accumulated needs.

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[269] Seely, p. 212.

He was pleased, too, that it retained the Federal-State partnership, with the States having primary responsibility for highway construction:

> At the same time, it recognizes the responsible relationship of the Federal Government to the development of a sound, nationwide highway system.

Although the $2 billion authorized by the new law was the largest 2-year sum ever provided for the Federal-aid highway program, he added that, "the needs are so great that continued efforts to modernize and improve our obsolescent highway system are mandatory."

He took time to mention one other important point:

> The public will welcome, I am sure, the fact that funds equivalent to revenue from Federal gasoline taxes will now be used entirely for the improvement of the nation's highways.[270]

Although FY 1956 would not begin until July 1, 1955, Secretary Weeks apportioned $875 million in FY 1956 funds on July 1, 1954, 6 months ahead of the usual time of apportionment (by December 31) to accelerate highway improvement. The speed up in starting time, he said, would favorably affect the economy. He predicted that thanks to the President's program:

> [All] across the country we are going to have the greatest surge in highway construction in the history of America. That means better roads, safer driving, fewer traffic jams, stronger national defense, more jobs and stimulation of business along the improved and expanded highways.[271]

The Federal-Aid Highway Act of 1954 was widely hailed. It appeared to set the Nation on course to build the National System of Interstate Highways. However, the amount of funding authorized was small compared with the need; regular authorizations would be needed beyond the 2 years covered by the Act; and the funding came from a temporary source.

In short, the Federal-Aid Highway Act of 1954 lacked some of the key elements of the future Interstate Highway Program. Two features were in place, namely a designated system of major highways and a design standard suitable for safe, efficient travel at high speeds. Two other critical elements were missing: a Federal commitment to complete construction of the network within a specified time frame and a permanent funding mechanism for doing so.

Some participants in enactment of the Federal-Aid Highway Act of 1954 thought they were getting the Interstate Highway Program underway, but President Eisenhower understood the limitations of the legislation. Even as he hailed the legislation in public, he was running out of patience with the pace of highway planning within his Administration. He wanted the Interstate System program in

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[270] "Statement by the President Upon Signing the Federal-Aid Highway Act of 1954," Public Papers, May 6, 1954, p. 459-460.
[271] "Secretary Weeks Orders Speed-Up in Apportioning New F-A Funds," *Road Builders' News*, American Road Builders' Association, May-June 1954, p. 3.

place to provide stimulus during economic downturns. As biographer Stephen E. Ambrose explained, Eisenhower told his staff that he did not want to "get tagged like Hoover did, unjustly, of not doing anything to help in economic bad times."[272] Moreover, the defense benefits were clear to him in the Cold War atmosphere of the times.

Within the Administration, officials were divided on financing. Under Secretary Murray favored State-financed toll roads. Commissioner du Pont supported 100-percent Federal funding for the Interstate System. Meanwhile, BPR officials were promoting creation of an Under Secretary of Commerce for Highways to promote development of a national highway system.[273]

The President's frustration became clear 2 days before Congress completed work on the Federal-Aid Highway Act of 1954. He held a meeting on April 12 to begin reorganizing his Administration's process for making a decision on highway financing. He directed his chief assistant, former New Hampshire Governor Sherman Adams, and Arthur F. Burns of the Council of Economic Advisors to work with other officials to find a way to accelerate the highway program. According to notes of the meeting, he made clear what he wanted. As summarized by Rose:

> Eisenhower himself was seeking a "`dramatic' plan to get 50 billion dollars worth of self-liquidating highways under construction." In terms of construction priorities, he thought the federal government ought to devote greater attention to the Interstate system, to roads from airports into downtown areas, and to access roads near defense installations. While he would condone federal loan guarantees, an expanded road program could not be allowed to upset the federal budget.

Based on this pep talk, his staff understood what he wanted, but remained divided on how to accomplish it. Rose found that each participant in the meeting "chose to interpret Eisenhower's instructions differently." [274]

One participant was a West Point classmate of the President's, General John H. Bragdon (U.S. Army, retired), who headed the Public Works Planning Unit in the Council of Economic Advisors. The day of the meeting with the President, General Bragdon had lunch with Commissioner du Pont. According to the General's memorandum for the record that same day, he found that the Commissioner believed the Federal Government had a peculiar interest in the Interstate System, which would accomplish three purposes, "namely, defense; affords maximum contribution to product distribution; and is the central core of the entire highway system." The Commissioner

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[272] Ambrose, Stephen E., *Eisenhower: The President*, A Touchstone Book, Simon and Schuster, 1985, p. 158.
[273] Rose, p. 70.
[274] Rose, p. 71. President Eisenhower did not have a Chief of Staff, but former Governor Adams served a similar function.

considered toll roads “a necessary evil.” General Bragdon summarized the Commissioner’s views on toll roads:

> Mr. du Pont felt that many of these toll roads, instead of being self-liquidating are really self-perpetuating and that as soon as they build up a surplus, they at once extend their system and/or remain in the maintenance business; that they tend to build up small autonomous empires of many employees; that often their economy was fallacious in that if one adds the cost of the toll per mile to the usual transportation cost of operation and maintenance, there would result a ridiculously high cost per mile, often of the magnitude of around 20 cents.

Du Pont did not think the Interstate System could receive the priority it deserved under the present Federal-aid program. General Bragdon reported that du Pont favored the “radical” solution of creating a national highway authority to build the Interstate System with revenue from 1 cent of the Federal gasoline tax. The authority would issue Federal bonds, purchase existing toll facilities for inclusion in the toll-free network, and construct circumferential routes around large cities as well as access highways to their center. The Commissioner also favored an end to Federal-aid for the secondary and primary systems, with gasoline taxes reduced accordingly.[275]

Two days later, General Bragdon met with the BPR’s Herbert Fairbank, the Deputy Commissioner for Research. Fairbank had conceived, directed, and analyzed the state highway traffic surveys in the mid-1930s and had been the primary drafter of the key reports to Congress on the subject, *Toll Roads and Free Roads* (1939), *Interregional Highways* (1944), and *Highway Needs of the National Defense* (1949). Like du Pont, Fairbank informed General Bragdon that toll roads were uneconomical on a long-term basis. However, toll financing had the advantage of permitting construction to be completed in a short span, rather than piecemeal—section by section—as was the case with Federal-aid roads built on a pay-as-you-go basis.

Fairbank said he supported the Interstate System and believed that the legislation that would authorize it, at a cost of about $15 billion over 15 years, should permit the purchase of toll roads. General Bragdon summarized Fairbank’s views on funding the Interstate System:

> Believes an hypothecation of gas taxes could take care of the financing of a national defense highway [sic]; national toll highways not necessary; federal highway bonds based on sinking funds from gas taxes but with full faith to credit guarantees. This would allow one-half percent less interest rate.[276]

("Hypothecation” means “to pledge without delivery of title or possession.”)

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[275] Bragdon, General J. S., "Discussion with Mr. Francis V. du Pont, Commissioner, Bureau of Public Roads,” Memorandum for the Record, April 12, 1954. Dwight Eisenhower Library.

[276] Bragdon, General J. S., “Conference with Mr. Fairbank of Public Roads and Mr. Newcomb,” Memorandum, April 14, 1954. Dwight Eisenhower Library.

Despite the cautions suggested by du Pont and Fairbank, General Bragdon would become the chief advocate within the Administration for a toll superhighway network. He favored creation of a National Highway Authority, composed of the Secretaries of Commerce, Defense, and the Treasury, to assume responsibility for Federal road construction. The General believed highway construction was a national responsibility, despite the President's statement that he favored a continued State role.[277]

In contrast with General Bragdon, Sherman Adams favored a more traditional approach that, not surprisingly in view of his former position as a Governor, retained a strong role for the States. As Rose explained:

> He too figured that executives of a national road authority would finance construction, allowing a small subsidy for toll roads not fully solvent. But Adams entertained few plans for revising federal road-building arrangements.[278]

He asked New York’s Robert Moses and Bertram Tallamy to suggest a plan for financing the road program. Rose summarized their report to Adams:

> Around May 1, they turned in a report which adhered to the outlines of Adams’ views, created a device to raise funds for their own use, and insured local and state authority in the highway construction field. The secretary of the treasury would head a Continental Highway Finance Corporation with the secretaries of defense and commerce serving alongside him as a board of directors. They would look after financial matters. Daily operations would remain under the direction of bureau and state road engineers.[279]

Moses and Tallamy also called for a moratorium on highway legislation until 1955, by which time a report on traffic conditions and finance, authorized by the 1954 Act, could be prepared.

Unveiling The Grand Plan

On Monday, July 12, with the internal deadlock showing no signs of action, the President went public. The site was Bolton Landing at Lake George, New York. The event was the meeting of the Governors' Conference, which opened the same day, July 12, 1954.

In the opening sessions that morning, Governor William G. Stratton (R-Il.) expressed impatience and annoyance that the Governors had not been able to attain their objective of getting the Federal Government to drop the Federal gas tax and Federal grants-in-aid to the States. Governor Robert B.

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[277] Of all those involved in highway affairs under President Eisenhower, General Bragdon was the least effective. He was involved in the debates through the last weeks of the President's second term, but as Professor Gary T. Schwartz, in his study of Interstate highway legislation, explained: "Bragdon was handicapped by an ineptness at bureaucratic maneuverings. Beginning with his inability to establish a good working relationship with Sherman Adams, Bragdon’s entire White House career was marked by frustrations and failures." Schwartz, Professor Gary T., “Urban Interstates and the Interstate System,” *Southern California Law Review*, March 1976, p. 432.

[278] Rose, p. 71-72.

[279] Rose, p. 72.

Crosby (R-Ne.) urged the Governors' Conference to "double and triple and guadruple its efforts in the next Congress" to achieve these objectives.[280]

Governor Byrnes of South Carolina indicated he had been surprised to read of passage of the Federal-Aid Highway Act of 1954 "at a time when the Governors seemed to be in accord that the grants should be reduced." Governor Howard Pyle (R-Az.) added that the increased Federal-aid funding was "an act of appeasement" to deter the Governors from pressing their campaign. Pennsylvania's Governor Fine, who had expressed his views on the subject to AASHO in 1953, was also disturbed by the increase. Moreover, he was not impressed by the reasons given for increasing Federal-aid highway grants instead of terminating them.[281]

The President had planned to address the Governors that evening. However, he instead went to State College, Pennsylvania, to attend the funeral of his sister-in-law, Mrs. Milton S. Eisenhower, who had died of a blood clot that Saturday. Before going, the President gave his notes for the speech to Vice President Nixon to deliver to the Governors.[282]

Flying to Lake George on the President's plane, the Columbine, the Vice President, former Governor Adams (who had voted for the conference's unanimous resolutions in past years calling on the Federal Government to get out of the gas tax business), and Press Secretary Jim Hagerty (who had attended many Governors' Conferences as press secretary to Governor Dewey of New York) were apparently unaware of the discussion during the morning session.

That evening, Nixon addressed the Governors. The President's speech, he said, had been advertised as "informal," but judging from the notes, "I can tell you that the President follows the rule that the best informal speech is the one that is very well prepared."

The President's notes began by observing that each State is "great in potential achievement, because joined with 47 others, they form the mightiest of temporal teams—the United States of America." The Nation's purposes, to build a cooperative peace and the strengthening of America and her friends, can be achieved only on "a sound economic base." To assure such a base, America must be "an example of national progress in its standard of living," must maintain "a military dike on our defense perimeter," and "achieve the fullest possible productive strength, exploiting every asset, correcting every deficiency in our economic situation." He added:

> We don't want a blueprint for a regimented economy, but we must have vision, comprehensive plans, and cooperation between the States and Federal Government.

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[280] Quoted from the proceedings in Brooks, Glenn E., *When Governors Convene: The Governors' Conference and National Politics*, The Johns Hopkins Press, 1961, p. 79.
[281] Egan, Leo, "Eisenhower Bids State Join U.S. in Vast Road Plan," *The New York Times*, July 13, 1954.
[282] During this period, according to Ambrose, the President was trying to "build up" Nixon as a possible successor in 1956. The unfortunate circumstance that prevented the President from attending the Governors' Conference offered just such an opportunity. Ambrose, p. 251.

On the positive side, the President said that "we live in a dramatic age of technical revolution through atomic power." The Nation had seen "a revolutionary increase in opportunity, comfort, leisure and productivity of the individual." On the dark side was the Nation's transportation system. Although the President conceded the transportation system was the best in the world, it was "far from the best that America can do for itself in an era when defensive and productive strength require the absolute best that we can have." In particular, "our highway net is inadequate locally, and obsolete as a national system." The increased funding authorized that year seemed like a substantial sum, but it was only "a good start." Nixon summed up the goal: "a 50 billion dollar highway program in ten years is a goal toward which we can—and we should—look."

The President, Nixon said, had intended to illustrate the need for good roads with a personal anecdote, as follows:

> 35 years ago this month, the Secretary of War initiated a transcontinental truck convoy to prove that the gas engine had displaced the mule, even on our relatively primitive roads. A Second Lieutenant named Dwight Eisenhower went along as an observer. All-weather roads in the United States at that time totaled 300 thousand miles. The autos and trucks numbered 7 million, 600 thousand. That truck convoy left Washington on July the 7th. It arrived in San Francisco on September 5th, sixty days and 6000 breakdowns later.

Given the haphazard way the Nation's highways had evolved and their deteriorating condition, the President saw five "penalties of this obsolete net":

> Our first most apparent, an annual death toll comparable to the casualties of a bloody war, beyond calculation in dollar terms. It approaches 40 thousand killed and exceeds one and three-tenths million injured annually.
>
> And second, the annual wastage of billions of hours in detours, traffic jams, and so on, measurable by any traffic engineer and amounting to billions of dollars in productive time.
>
> Third, all the civil suits that clog up our courts. It has been estimated that more than half have their origins on highways, roads and streets.
>
> Nullification of efficiency in the production of goods by inefficiency in the transport of goods, is another result of this obsolete net that we have today.
>
> And finally, the appalling inadequacies to meet the demands of catastrophe or defense, should an atomic war come.
>
> These penalties warrant the expenditure of billions to correct them.

Nixon then sketched the broad outline of the President's vision for creating "the highway net as it should be":

> [First,] a grand plan for a properly articulated system that solves the problems of speedy, safe, transcontinental traffic—intercity communication—access highways—and farm-to-market movement—metropolitan area congestion—bottlenecks—and parking.
>
> Second, a financing proposal based on self-liquidation of each project, wherever that is possible, through tolls or the assured increase in gas tax revenue, and on Federal help where the national interest demands it.
>
> And third—and I would emphasize this, particularly at this Conference, because I know how deeply the President believes in this principle: a cooperative alliance between the Federal government and the States so that local government and the most efficient sort of government in the administration of funds, will be the manager of its own area.
>
> And the fourth, very probably, a program initiated by the Federal government, with State cooperation, for the planning and construction of a modern State highway system, with the Federal government functions, for example, being to advance funds or guarantee the obligations of localities or States which undertake to construct new, or modernize existing highways.

Then, Nixon emphasized that he was reading the last sentence of the President's notes exactly as he wrote them:

> Quote, "I hope that you will study the matter, and recommend to me the cooperative action you think the Federal government and the 48 States should take to meet these requirements, so that I can submit positive proposals to the next session of the Congress."[283]

The President's proposal surprised the audience—electrified it, according to observers, and not in a positive way. The impact was all the more stunning because the Governors, expecting a friendly, informal speech in praise of the Governors' Conference and the important work the Governors did, had no warning that the President intended to challenge them on a subject they were on record, time and again, as opposing. Columnist Doris Fleeson commented on it a couple days later:

> Though they were dealing with their closest friends, they [the President and his aides] sprang the huge project as a surprise . . . . Apparently nobody read the newspapers which were put aboard the President's plush plane, the Columbine, before it took off from Washington with the Vice President for the conference here. Nor, apparently, did any one bother to case the joint after arrival here in the early afternoon.

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[283] Address of Vice President Richard Nixon to the Governors' Conference, Lake George, New York, Dwight Eisenhower Library, July 12, 1954. The speech is available at http://www.fhwa.dot.gov/infrastructure/rw96m.htm.

The chairman of the conference, Governor Thornton of Colorado, whom Fleeson described as "the President's backer and golfing companion," was surprised:

> He was also upset, viewing the program as offered with no preparation, as seemingly extravagant, hazy and embarrassing to the President's friends in the light of conference history.[284]

Governor Thornton immediately sought clarification of the President's proposal from Sherman Adams, who had lingered at the Sagamore Hotel after sensing something was wrong. The following morning, Adams called Governor Thornton from Washington with clarification. On that basis, Governor Thornton told the Governors during the morning session:

> Governor Adams told me personally to tell this group of Governors that the President's entire idea is to improve our highway system with the full cooperation of the States, regardless of the final plan adopted.
>
> It seems impossible to take away the revenue coming from the gasoline tax without some plan to replace that amount by the states or Federal Government. There must be a specific plan developed so that we do not leave the problem unsolved.
>
> In other words, we must continue to improve our highway system because it is essential to the well being and health of our country. This can be done by the Federal Government, or by a cooperative plan between both levels of Government.
>
> In effect, he [the President] is asking the Governors of this conference what they want. The problem has been given us. The President would like to know our solution.[285]

The Governors also were confused about the total amount of funding the President had mentioned. Governor Thornton's view was that the $50 billion over the next 10 years was in addition to the $40 billion that State and local governments normally would spend.

Despite Governor Thornton's attempts to minimize the damage done by the President's shocking proposal, many Governors were angry and frustrated. Governor Fine denounced it. The plan placed "a cloud on the forty-eight-state highway systems," he said, "because of the assertion that our [highway] systems are obsolete." He pointed out that Pennsylvania, with 41,000 miles of improved highways, had spent $537 million of State funds for highways over the past 4 years and had pioneered the turnpike system:

> We want to continue to build our own roads unimpeded by any Federal system. We have our program for the next 12 years.

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[284] Fleeson, Doris, "$50 Billion More for Highways," *The Evening Star* (Washington, D.C.), July 14, 1954.
[285] Folliard, Edward T., "D.C. Road Parley of Governors Seen," *The Washington Post and Times Herald,* July 14, 1954.

Warning the Governors not to be "lulled asleep by any sedatives, such as we will be managers of our own areas, nor by flattering remarks," he said:

> We want the Federal Government to get out of the gas tax and fuel oil fields once and for all and now is the time to do it before we embark on any new Federal aid program.

At the same time, he urged the Governors to accept the President's invitation to submit their recommendations. "An invitation has been extended to us to meet with some one, and I believe we should accept it." Governor Fine thought a special session of the Governors' Conference should occur in Washington after the fall elections to discuss the issue. Accordingly, he introduced a two-part resolution:

1. the Governors' Conference urges the Federal Government to relinquish any claims to revenues raised by the system of gasoline and motor fuel taxation and return such sources of taxation exclusively to the states.
2. a special Governors' conference be convened in Washington, D.C., by the chairman of the conference during November or December, 1954, to discuss and counsel with the National Administration and explore the prospects of the integration of the proposed Federal highway program into the respective state highway programs with subsequent supervision of any program lodged with the respective state highway departments.

Governor Dewey and Democratic Governor G. Mennen Williams of Michigan joined in Governor Fine's resolution. Because 1954 was an election year, Governor Dewey added that he thought the Governors should appoint a committee of Governors not up for reelection to go into the details of the highway plan.

The resolution had broad support, but would not be voted on until the following day. As this day of revolt against the President's proposal ended, Governor Thornton talked informally with reporters. The highway program was, he said, considerably more complex than the Governors seemed to think. To get the Federal Government out of the gas tax business, the Governors would have to convince their congressional delegations to approve the change and convince the State legislatures to enact standby programs to take over all highway construction. Governor Thornton thought a commission should be established to bring about Federal-State cooperation in the building of transcontinental highways.

He added that in the event of a recession, the President's program "would be a sound stimulant for employment." He scoffed when a reporter jokingly asked if such a program might be called a "boondoggle," a term that had been applied to some of the make-work programs of the 1930s.[286]

By July 14, the Governors' opposition to the President's proposal had begun to abate. Observers attributed the change to additional "clarification" of the President's proposal. Democratic

[286] Folliard, Edward T., "D.C. Road Parley of Governors Seen," *The Washington Post and Times Herald*, July 14, 1954.

Governor Frank J. Lausche of Ohio, who had remained silent during the attacks on the President's proposal the previous day, Democratic Governor Charley E. Johns of Florida, and Maryland's Republican Governor Theodore R. McKeldin explained that they thought the President's proposal had been misconstrued. In their view, the proposal meant no interference with State functions, but rather a willingness to use Federal credit to help build toll roads if necessary. Governor Lausche, whose State had embarked on an extensive toll program, said he would welcome such help.

Governor McKeldin accused the Governors of "buck fever." He said that on June 11, the Council of State Governments had issued a statement on highway needs:

> One month and two days later President Eisenhower adopted our council's report in a speech to us. Is that a cause for the jumping jitters that swept these tables yesterday?
>
> Let us not plunge into panic just because the President notes his approval of the very program we have been advocating. Rebuilding the highway systems of the states and the joint system of highways among the states is a job that must be done.

With the tide of opinion turning, Governor Fine's resolution of the day before was significantly altered before being approved unanimously. The demand that the Federal Government abandon the gas tax was eliminated at the insistence of the public lands States. These States received more in Federal-aid than their populations would pay if the gas tax were shifted to the States.

The approved resolution declared that the Governors' Conference was "highly pleased by the President's willingness and determination to work with the states on this important problem." The resolution directed the Executive committee to work with AASHO to study the status of road problems and the position of the States on highways. In addition, the resolution suggested a meeting of the Governors later in the year to discuss the subject with appropriate officials.

Political observers saw the reversal as an indication that the President's supporters were in control of the conference. They cited the fact that Democratic Governor Robert F. Kennon of Louisiana, known as "an Eisenhower Democrat," had succeeded the President's friend, Governor Thornton, as Conference President.[287]

A historian of the Governors' Conference, Glenn E. Brooks, explained that the change in attitude was at least in part because "the figure of $50 billion over a period of ten years stirred the thinking of every governor present." He added that, "the sturdy principles of states' primacy had been visibly shaken by the proposal."[288]

The same morning the Governors' Conference adopted the resolution, the President held a news conference in Washington. Glenn Thompson of *The Cincinnati Enquirer* asked the President for

[287] By tradition, the presidency of the conference alternated between Democratic and Republican Governors.
[288] Brooks, p. 80.

his ideas on how the $50 billion in highway building could be financed. The President responded:

> Well, I don't think there is any one way. As a matter of fact, all I made was a proposition. I believe we are at least $50 billion behind in our road networks. We are suffering from it in losses of life; we are suffering from it every day in terms of inefficient operation of all of our transportation throughout the country . . . .
>
> I had a report from a city yesterday of 22,000, and it said "Our No. 1 problem is parking." The parking spaces, the thruways, the great networks that we need, all of these must be done. Now, in the great part of these I very much favor these self-liquidating projects.
>
> The Government has made the proposition that we are ready to do our part in going forward with this planning and exploring a way. I have no definite plan, although we have been studying it for a year with people from the outside because, of all people, we must have the Governors and legislatures in with us. Until they come to me and show me their proposition and something that we can get together on, it is really idle to say how any single project will be financed.
>
> I think there could be certain cases in which the Federal Government would have to do it all, possibly, because of some particular Federal use; but, by and large, it should be local and, I would say, exploit the self-liquidating idea as far as is possible.
>
> This, I should point out, that I am talking about has nothing to do with the normal road building that is going on now, in which the gasoline taxes and all that were involved. This is entirely over and above that.

Raymond P. Brandy of *The St. Louis Post-Dispatch* asked the President for his view on letting the States have some of the gasoline taxes. The President responded:

> As I recall, what was at issue this year was one-half a cent, and for the moment, we thought until this whole thing could be worked out and studied, we should continue as we had been rather than trying to make a change from which we couldn't retreat.
>
> I don't believe that there is a final decision made, except this: that everybody to whom I have talked believes that we should put the maximum authority and responsibility in the States that they are capable of taking. If you put responsibilities there, you have got to let them have the money to do it.[289]

Outside the Governors' Conference, the reaction to the President's proposal was generally positive. On July 13, the day after the Vice President's speech, the bold headline in *The Washington Post*

[289] "The President's News Conference of July 14, 1954," *Public Papers*, 1954, p. 635-636.

and Times Herald put it simply:

$50 BILLION ROADS PLANNED

Editorially, the newspaper commented that the plan was anything but extravagant. "On the contrary, it reflects economy in the best sense of the word."

Washington's most prestigious newspaper of the day, *The Evening Star*, commented in an editorial:

> As numerous Governors have been quick to indicate, the President's "grand plan" for a vast program of highway improvement and expansion is more than a little bit controversial in terms of how the States are to figure in it. But what is not controversial about it is the fact that some such program—regardless of conflicting views as to methods of financing and directing it—is imperative for the future well-being of the Nation . . . .
>
> More than a few of the Governors have taken a rather dim view of all this because of a fear that it would seriously impinge on States' rights. Nevertheless, although it lends itself to debate in that respect, there can be no doubt—in view of our expanding economy and fast-growing population—that something like the President's proposal needs to [be] put into effect in one way or another, and the sooner the better.[290]

The American Municipal Association's president, Mayor William E. Keep of Kansas City, Missouri, applauded the President "boldness, vision, and faith."

The Wall Street Journal took the opposite view:

> We don't think the Federal Government has got to draw up 20-year plans and appropriate billions to get roads built.

As might be expected, highway groups were delighted. Ralph Thomas, president of AAA, called the proposal "one of the most important, far-reaching and forward looking steps that has been initiated by a President in many years." ARBA could not see how "a Nation that travels on wheels and depends on the industry of the Machine Age for its economy and its very preservation" should not embark on the plan, however the funding and other details may be worked out.[291]

In an unsigned editorial in *American Highways* magazine, AASHO said the President had "really dropped a bombshell, figuratively speaking," with a plan that had been variously described as "a grand plan" and "an earthquake." The editorial added:

> In our humble opinion, however, the greatest contribution growing out of the President's remarks was the powerful manner in which he drew the public and press attention not

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[290] "Our Highways and the Future," *The Evening Star*, July 14, 1954.
[291] "Reaction to President Eisenhower's Plan," *Road Builders' News*, July-August 1954, p. 2.

> necessarily to the drastic situation we face now, but to the much more drastic situation we will face 10 and 20 years hence.

After pointing out that the magnitude of present problems "becomes infinitesimal in anticipation of our future situation," AASHO stated that:

> An answer can be found, and an answer will be found, but it will require the utilization of the best thinking and talent, both technical and financial, and legislative, available to us in America.[292]

Building on the Momentum

The President did not want to lose the momentum he had established. On August 10, he met at the White House with a committee of the Governors' Conference to discuss his proposal. The committee, which was headed by Governor Kohler, included Governors Kennon, Lausche, and Pyle as well as Democratic Governor Lawrence W. Wetherby of Kentucky and Republican Governor Paul L. Patterson of Oregon. Secretary Weeks and Secretary of the Treasury George Humphrey were among the aides who joined the President and Governors for the discussions over lunch.

Following the meeting, Governor Kohler told reporters that he thought "an erroneous impression" had been left at the Governors' Conference that the Governors were hostile to the President's program. He said there was general agreement on the "compelling necessity of increasing highway building" and "the sooner the better." As for the $50 billion over 10 years, Governor Kohler indicated that this was not a hard and fast estimate. The final total might be higher or lower, with the majority of roads built as toll-free rather than toll roads. He added that the meeting didn't address such details as whether the Federal Government should get out of the gasoline tax field.

While in Washington, the Governors also met with AASHO's president, Alfred E. Johnson (Chief Engineer of the Arkansas State Highway Department), and Executive Secretary Hal H. Hale. The meeting, according to an editorial in *American Highways*, was "one of the most cooperative, serious, and determined sessions that one can imagine."[293]

Leaving the White House, Governor Kohler had told reporters that he believed the next move was up to the Governors and that they hoped to report on their recommendations in November. However, the President was not about to wait for the Governors. He had asked the Governors for their ideas on how to accelerate the highway program, but he simultaneously launched his own initiatives to review the options.

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[292] "A New Era in Highways," *American Highways*, October 1954, p. 2. (Unsigned editorial in AASHO's magazine.)
[293] "A New Era in Highways," *American Highways*, October 1954, p. 2. According to a 1972 speech by Johnson, Governor Kohler was particularly concerned about construction time—he could get a State project underway in less than a year, while it took an additional year for a Federal-aid project. Governor Kennon invited Johnson to meet with the highway committee at the Governor's mansion in Baton Rouge, where with Governor Kennon's assistance, he helped overcome the Governors' objections to the President's program. "A Commentary on My Years in Washington," *American Highways*, October 1972, p. 4.

On August 20, the President established two committees to explore the issues. First was an Interagency Committee, chaired by Commissioner du Pont, of representatives from the Departments of Commerce, Defense, and the Treasury as well as the Budget Bureau and the Council of Economic Advisors. The Interagency Committee would consider economic requirements for a national road program and submit them to the second committee established on that date. The second committee, known formally as the President's Advisory Committee on a National Highway Program, was to work with the Governors and the Interagency Committee to develop a plan for submission to Congress. It was headed by General Lucius D. Clay, an engineer who had become a friend of General Eisenhower's during the war and now served as an informal advisor to the President.[294]

For the committee, General Clay chose Steve Bechtel of Bechtel Corporation, Sloan Colt of Bankers' Trust Company, Bill Roberts of Allis-Chalmers Manufacturing Company, and Dave Beck of the International Brotherhood of Teamsters. All of them, Clay would say, were easily recruited. "They recognized that this was an important undertaking and they wanted to be part of it."[295] However, none of them was directly involved in road building. Expertise in that field came from the Clay Committee's Executive Secretary, Francis (Frank) C. Turner, a career BPR employee who had joined the agency in 1929 and was now Assistant to Commissioner du Pont.

General Clay had little interest in the Interagency Committee's recommendations. He set out to follow the President's instructions, which were to develop a plan that would be self-liquidating and satisfactory to the Governors.

On October 7, in room 474 of the Executive Office Building in Washington, General Clay opened the first public session of the President's Advisory Committee on a National Highway Program. During the hearings on October 7 and 8, testimony was taken from 22 organizations, including AASHO and ARBA. Rose summarized the results:

> Farm leaders sought more mileage at less expense to their constituents, all without diminution of their own influence in local road-building affairs. Auto Club leaders argued for more attention to packed Interstate roads in urban areas, preferably by chopping farm-market construction from the federal payroll. Truckers, as always, wanted more roads built, provided only that taxes remained low . . . . According to one observer, "hearings which the . . . Committee held . . . did not reveal any . . . consensus with respect to . . . finance." What it came down to was that "suggestions reflected . . . the interests of the group which the speaker represented."[296]

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[294] For information on General Clay, see http://www.fhwa.dot.gov/infrastructure/clay.htm.
[295] Smith, Jean Edward, *Lucius D. Clay: An American Life*, Henry Holt and Company, 1990, p. 618-619
[296] Rose, p. 75-76.

Meanwhile, the Governors' Conference Special Highway Committee, headed by Governor Kohler, was completing its study as requested by the President at Bolton Landing.[297] The Executive committee of the Governors' Conference approved the report by the Special Committee on Highways on November 30, 1954. Governor Kennon presented the report to President Eisenhower and General Clay in a White House meeting on December 3.

The Governors agreed that an adequate highway construction program was needed for the coming 20 years at approximately double the current rate of expenditures. To accomplish such a program, the Nation's highways should be divided into three systems—the Interstate System, other Federal-aid systems, and State and local systems. The Governors used an estimate of $101 billion for the cost of needs on all highway systems, with the figure derived from the draft BPR report on highway needs requested by Congress in the 1954 Act. Of this total, the Governors estimated that the Federal responsibility totaled about $30 billion over 10 years, including the cost of the Interstate System. Based on the preliminary BPR survey of the cost of constructing the Interstate System by 1964 to meet 1974 traffic needs, the Governors estimated the cost to be $24 billion, of which about $13 billion would be expended in rural areas and the remainder in urban areas.[298]

Given the overriding Federal interest in the Interstate System, the Governors believed that the Federal Government should assume primary responsibility, with State participation, for financing its construction. The Governors suggested several funding options, including general tax revenue, issuance of bonds, or establishment of a national road financing authority. More specifically, the Governors wanted to limit the States' share of costs to about $140 million a year, the amount they were contributing as their share of the cost of the Interstate System under the Federal-Aid Highway Act of 1954. On this basis, the Federal share of the $24 billion would be $22.5 billion, with the States contributing $1.4 billion over the 10-year construction period.[299]

In addition, the States should, the Governors believed, be given "due credit" for the funds expended, either from public or toll road revenues, for construction of satisfactory sections of the Interstate System. The States or their political subdivisions would be responsible for construction, maintenance, administration, and policing of the Interstate System.[300]

What was absent from the Governors' report was a demand that the Federal Government stop collecting revenue from excise taxes on gasoline and other highway user products. Because the States and localities would have primary responsibility for construction of all systems other than the Interstate System, the Governors "strongly recommended that the present federal excise tax rates on

[297] The members who had not been able to attend the White House meeting on August 10 were John Lodge (Connecticut) and Allan Shivers (Texas). Governor Kennon, as Chairman of the Governors' Conference, served as an *ex officio* member of the highway committee.
[298] Executive Committee of the Governors' Conference, *A Cooperative Program for Highway Construction*, December 1954, p. 14.
[299] Cooperative Program, p. 27.
[300] Cooperative Program, p. 26.

motor fuels and lubricating oils not be increased and that no other federal highway user taxes be levied." The report added:

> [So] long as the national government levies excise taxes on motor fuels, lubricants and motor vehicles, it will continue to make allocations to the states for highway construction on the above other federal-aid systems, at least at the rate obtaining under the Federal-Aid Highway Act of 1952 and in accordance with existing formulas.[301]

According to a White House news release on December 3, 1954, the President referred the Governors' recommendations to General Clay for study.

The Clay Plan

By this time, General Clay had developed his plan for financing highway development. He had described the plan two days earlier, on December 1, at the 31st annual conference of the American Municipal Association in Philadelphia. General Clay developed the program during October and November 1954 to meet the criteria specified by President Eisenhower and it was consistent with the Governors' recommendations as reflected in the plan Governor Kennon submitted to the President.

Like the Governors Special Committee, General Clay relied on the $101 billion estimate from the BPR's survey of highway needs. However, current Federal-aid, State, county, and municipal programs were expected to provide for a $47 billion construction program over the next 10 years. That left a balance of $53 billion to bring all roads in the country up to standard. This included the $26 billion he estimated the Interstate System would cost ($13 billion for rural sections, $10 billion for urban sections, and $3 billion for "urban area feeder roads connecting the expressways").

Clay told the association that in determining how to finance the $26 billion, the committee faced certain constraints. The Administration was committed to balancing the budget, so an increase in annual appropriations was out of the question. The Administration was reluctant to approve an increase in the national debt for a bond issue. Further, the Federal Government was embarked on a program of decreasing, not increasing taxes, so "we could not look to an increase in tax rates for the money to support this program."

Estimating that the present Federal tax on gasoline and lubricating oil raised about a billion dollars a year, with the amount likely to increase over time, Clay had only one other alternative:

> Our tables indicate that a federal commission, authorized to issue bonds in its own name and promised a revenue equivalent to that which the government will receive from the gasoline and lubricating oil tax, with $550 million of that amount still appropriated for federal aid to primary and secondary roads, would support over the ten years a bond issue in

[301] Cooperative Program, p. ii..

> the neighborhood of $23 to $24 billion, to be paid for over a 30-year period. And remember, these roads are being designed to meet the traffic of 1986 and with at least a 30-year life. In point of fact, with proper maintenance their life is indefinite.

As for the States, General Clay explained that their share of the cost of the Interstate System should remain at current levels. To match the current annual Federal authorization of $175 million for the Interstate System, the States were expected to contribute $140 million, "and in this enlarged program we think they should continue that contribution." He also thought the cities which "would take advantage of the $3 billion program" of urban area feeder roads should be required to spend at least as much money as they had contemplated spending for road construction during the 10-year period.

General Clay explained the role of the commission:

> If such a program develops, we would establish a five-man commission, with the director of the Bureau of Public Roads as its executive, which would be charged with the issuance of the bonds, the allocation of the funds, and the working out of programs with the states based upon programs worked out in the states, between the states, the cities and the counties. In such a way we believe a coordinated program would develop and for the first time we would have ten years to work on a program as a whole, the individual parts of which would fit into a real national highway system. The work would be carried out as it is now, by state highway, city highway and county highway departments. There would be no change whatsoever in the present relationships of the federal government and the states on primary and secondary roads.

He summed up the Interstate portion of the committee's recommendation:

> So perhaps we may say that we are recommending, rather than a pay-as-you-go policy, a pay-as-you-use policy, capitalizing the revenue of thirty years over and above the money required for primary and secondary roads so that we may have in ten years a really and truly national system of highways feeding our principal cities throughout the country.

The committee also had considered the problems presented by the toll roads in Interstate corridors. The committee supported the Governors' views. Clay believed that where turnpikes had been or were being constructed, the States should be given credit for the funds used on these roads, with the Federal "credit funds" used to improve other types and kinds of roads. He felt the same idea should be applied where the States had already constructed toll-free sections of the Interstate System to desirable standards.[302]

On December 2, General Clay again outlined the proposal, this time during a panel discussion on highway construction and financing, before the 12th biennial conference of the Council of State Governments in Chicago. Just before the start of the 3-day conference, the Executive committee of

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[302] Clay, General Lucius D., "A New National Highway Program," American Municipal Association, 31st annual conference, December 1, 1954, Reproduced by the Dwight D. Eisenhower Library.

the Governors' Conference had met to approve the special committee's highway financing report. The Governors' plan was presented to the conference during the panel discussion. The following day, the assembly voted to support the proposal. The Associated Press reported that, "Gov. Pyle of Arizona, chairman of the assembly, estimated that the show of hands was 10 to 1 in favor of the stepped up road building."

Thus, on December 3, as President Eisenhower accepted the Governors' proposal at the White House and passed it on to General Clay for consideration, General Clay had already adapted his proposal to the Governors' plan for the Interstate System. As Seely pointed out, the fact that the Clay Committee's plan was consistent with the Governors' proposal "was not a coincidence, because du Pont had worked with both groups," the Clay Committee and the Governor's Special Committee.[303]

The Governors' turnabout would not go unnoticed. On May 4, 1955, during testimony on the National Highway Program before the House Committee on Public Works, Governor Kohler would be asked about this change in position. Representative Fred Schwengel (R-Ia.) pointed out that for the past 10 years, the Governors had asked the Federal Government to yield the gasoline tax to the States. He continued:

> I believe 2 years ago it was the unanimous opinion of the governors that that obtain . . . . Now, I think I see a complete flip-flop in this whole philosophy, where you are saying let the Federal Government stay in it. Do you realize when you are taking this position on this bill that you are committing the Federal Government to this gasoline tax for 30 years?

Governor Kohler responded:

> Mr. Schwengel, we realize that this is the case . . . . I would like to point out that, so far as I know, the governors still, if polled, would adhere to their position as adopted at the Houston Governors' Conference in 1952, that the Federal Government should get out of the gas-tax field and leave that to the States.
>
> The approach here is simply a realization of the practical political facts of life that the Government is not going to get out of that gas-tax field. So it is a question of relaxing and enjoying it, I think, rather than changing our minds.

Representative George interrupted to ask if the Governors' change of position was based on the fact that under the proposed program, all of the gas-tax revenue would be returned to the States for highway improvements, whereas before half the revenue went to the general treasury. Governor Kohler responded:

> That is correct, Congressman George. That is correct.[304]

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[303] Seely, p. 215.
[304] Hearings, "National Highway Program," Committee on Public Works, House of Representatives, U.S. Congress (H.R. 4260, 84th Congress, 1st session, part 1, April 18-June 1, 1955), p. 371.

Brooks addressed the turnabout in his history of the Governors' Conference. He observed that some of the "staunchest advocates of states' primacy" had left office by the time of the report. Pennsylvania's Governor Fine, for example, did not run for reelection in 1954, and left office on January 18, 1955. Even the remaining old guard Governors had accepted the political realities and supported the increased Federal role in road building. Moreover, many Governors understood the political reality regarding what would happen at the State level if the Federal Government abandoned the gas tax:

> One conservative former governor, who was a key member of the special governors' highway committee, explained the reversal in an interview. Congress, he noted, was under heavy pressure to enact the highway bill with federal financing. The governors knew that the national government would not, indeed could not, get out of the gasoline tax field without wrecking the highway program. State legislatures were not strong enough to withstand the pressures that would be exerted by the oil and gas interests to cut the gasoline tax if the national government withdrew. In other words, all parties concerned—the president, the Congress, and the governors, knew that the national government was the only government politically and financially capable of levying the necessary taxes for the highway program.[305]

Commission on Intergovernmental Relations

The 25-member Commission on Intergovernmental Relations, established in 1953 to study Federal-State relations, was headed by Meyer Kestnbaum, Special Assistant to the President. The commission completed its work in June 1955 with a report to President Eisenhower, who transmitted the report to Congress on June 28. His cover letter pointed out that 168 years earlier, the Founding Fathers had designed the Federal form of government "in response to the baffling and eminently practical problem of creating unity among the thirteen States where union seemed impossible." Since then, the Federal structure had been "adapted successfully" until recent years:

> In our time, however, a decade of economic crisis followed by a decade of war and international crises vastly altered federal relationships. Consequently, it is highly desirable to examine in comprehensive fashion the present-day requirements of a workable federalism.

Given the "intricate interrelationship of national, state, and local governments," the President told the Congress that "it is important that we review the existing allocation of responsibilities, with a view to making the most effective utilization of our total governmental resources." He urged Congress to study the recommendations of the commission on Intergovernmental Relations, "the first official body appointed to study and report on the general relationship of the National Government to the States and their local units." To the extent that the recommendations entailed action by the Executive Branch, the President pledged to "see that they are given the most careful consideration."

[305] Brooks, p. 81-82.

In examining elements of government, the commission had established a Study Committee on Federal Aid to Highways, one of the perennial points of dispute between the Federal and State governments. The members were:

Clement D. Johnston, President, Chamber of Commerce of the United States, and Chairman of the Study Committee.
Governor Allan Shivers of Texas.
Frederick P. Champ, President, Cache Valley Banking Company, Logan, Utah.
Randolph Collier, State Senator, Yreka, California.
William J. Cox, former State Highway Commissioner of Connecticut.
Dane G. Hansen, President, Hansen Lumber Company, Logan, Kansas.
Major General Frank Merrill, Commissioner of Highways, New Hampshire.
Robert B. Murray, Under Secretary of Commerce for Transportation.
J. Stephen Watkins, President, J. Stephen Watkins Engineering Company, Lexington, Kentucky.

The study committee agreed about the need for better roads, but its report said "the real issue is not whether we should have better highways, it is how best to get them." Highways served different purposes and should be treated accordingly in sorting out Federal-State relationships. The greatest national responsibility for highways centered on expeditious development of the National System of Interstate Highways. The study committee rejected the idea that the Federal Government should build and operate the Interstate System; it recommended "concentration of Federal funds on construction of the Interstate System, together with State participation."

Substantial Federal financial support was essential, with the States bearing "not less than one-half of the construction costs." Toll financing could pay for about one-third of the Interstate System, but beyond that mileage, the Federal Government should provide Federal-aid sufficient "to accomplish its improvement at a rate commensurate with the national welfare and should be allocated in such a way as to give highest priority to correction of the most serious deficiencies."

For other roads, the study committee recommended eliminating Federal participation over time. The States could be counted on to address needs off the Interstate System because "the failure of any State or locality to provide adequate highways brings its own prompt and automatic penalties upon the areas involved." States would act in "their own intelligent self-interest" to provide adequate highways "when they understand the responsibility is theirs."

The study committee endorsed the States' long-sought goal of eliminating the Federal gas tax. The States, the study committee concluded, "have demonstrated ability to tax motor fuels effectively and economically." Repealing the Federal tax would give the States a potential tax increase of more than $800 million a year, assuming they increased State taxes by the same amount as the abandoned Federal tax.

At the same time, the study committee recommended "without qualification" the continuation of the BPR in a modified role that took advantage of its national perspective:

> The Bureau should continue to conduct and integrate basic highway research, disseminate the results of research, assemble and collate statistics, and provide technical assistance to the States and their subdivisions.

The BPR also should help plan and stimulate "the articulated network of highways necessary to serve the Nation's productive and defensive strength." Moreover, it should help stimulate highway programs "to promote economic stabilization when appropriate." However, the report recommended that the BPR "substantially reduce most of the present close supervision and inspection of State highway activities."

In transmitting the study committee's report to the President on June 20, Kestnbaum explained that the commission rejected many of the study committee's conclusions and had "arrived at its own findings and recommendations." The commission rejected many of the study committee's recommendations. On the most basic issue of the Federal role, the commission's report said:

> The Commission believes that there is sound justification for federal participation in the improvement of many highways. The Commission generally approves existing legislation, which provides federal aid for primary highways, including interstate routes and urban extensions, and for secondary roads, including farm-to-market roads.

The commission observed that the Federal-Aid Highway Act of 1954 had increased the Federal-aid highway program significantly:

> However, there is abundant evidence that the current rate of highway improvement is not sufficient to meet current emerging demands. Failure to meet these needs will seriously affect the national security and the national economy. Humanitarian considerations alone, in terms of reducing the annual toll of highway accidents, call for vigorous action in revamping the unsafe segments of the highway network.

To finance the expanded program, the commission had been divided, with four members of the 25-member commission recommending bonds to pay for Federal financing. The remaining members, including the 10 Members of Congress who served on the commission, disagreed. The commission's report stated:

> The Commission recommends that the expanded highway program be financed substantially on a pay-as-you-go basis and that Congress provide additional revenues for this purpose, primarily from increased motor fuel taxes.

The increased tax revenue was justified:

(1) to give recognition to the national responsibility for highways of major importance to the national security, including special needs for civil defense, and
(2) to provide for accelerated improvement of highways in order to insure a balanced program to serve the needs of our expanded economy.

As for the bonds favored by the President as a financing mechanism for the Interstate System:

> An increase in taxes is preferable to deficit financing as a means of supporting larger highway outlays by the national government. The latter method would result in high interest charges and would shift the burden to citizens of a future generation, who will have continuing highway and other governmental responsibility of their own to finance.

The commission supported toll roads as a State and local prerogative, but opposed Federal-aid in development of toll roads.

The commission supported continuation of the BPR:

> Over the years, the Bureau of Public Roads has made a notable contribution to highway improvement through technical leadership and the stimulation and coordination of State activity in this field. However, in the light of the maturity and competence of most State highway departments, it appears to the Commission that the Bureau of Public Roads could relax most of its close supervision of State highway work.

On August 2, Congress adjourned for 1955, shortly after the President transmitted the commission's report for consideration.[306]

Future Battles on Devolution

General Clay's plan, as reflected in the President's transmittal to Congress on February 22, 1955, failed. Even the President's staunchest congressional supporters gave only token endorsements to Clay's financing scheme. Other concepts also failed in 1955, much to the delight of the lobbyists who were determined not to let their clients be taxed for the Interstate System. The debates were resolved in 1956 after the interests agreed to share the cost. The Federal-Aid Highway Act of 1956, which the President signed on June 29, launched the Interstate construction program.

The legislation retained the structure of the Federal-aid highway program, but with construction of the Interstate System finally launched, the role of the BPR expanded. The importance of the Interstate System caused the BPR to expand its staff, not reduce it, while increased project

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[306] The section on the Commission on Intergovernmental Relations is adapted from: Weingroff, Richard F., *President Dwight D. Eisenhower and the Federal Role in Highway Safety*, Federal Highway Administration, 2003. This document is available at http://www.fhwa.dot.gov/infrastructure/safetypr.htm.

oversight authority was delegated to its field office in each State, not decreased. The gas tax was increased to 3 cents, not eliminated as the States had desired.

Further, Congress passed legislation a few weeks later to create a new position, Federal Highway Administrator, to head the BPR. Unlike the Commissioner of Public Roads, the Administrator would be confirmed by the Senate. The goal was to elevate the position to equal status with the State highway agency heads who would be working with the Administrator on the expanded program. President Eisenhower signed P.L. 84-966 on August 3, 1956.

The President and the Congress had responded clearly and decisively to those who, just a few years earlier, had wanted to eliminate the Federal excise tax on gasoline, abolish or curtail the BPR, and sharply reduce the Federal-aid highway program.

The success of the Interstate System, built under the Federal-aid highway program, did not, however, end the struggle between the States and the Federal Government. In an article in the January 1991 issue of *Transportation Quarterly*, Elizabeth Parker of the U.S. Department of Transportation discussed attempts to return authority to the States under Presidents Nixon, Gerald Ford, Jimmy Carter, and Ronald Reagan. The article is reprinted, with permission of the Eno Transportation Foundation, at http://www.fhwa.dot.gov/infrastructure/restructure.htm.

Although the Surface Transportation and Uniform Relocation Assistance Act of 1987 rejected the Reagan-era attempts to revamp the Federal-aid highway program, the proposals highlighted by Parker helped create a sentiment that the time had come to reevaluate the Federal role in highway and transit programs. With the Interstate System essentially complete, all parties recognized that the next reauthorization bill, needed in 1991, would set the new balance among Federal and State governments. The highway community and broader transportation interests, including environmental organizations, as well as the U.S. Department of Transportation, engaged in a multi-year rethinking of the balance of responsibility among Federal, State, and local officials for highways and transit.

The resulting Intermodal Surface Transportation Efficiency Act of 1991(ISTEA), approved by President George H. W. Bush on December 18, 1991, established that balance.[307] Under ISTEA, the Federal Highway Administration was to focus on the National Highway System, a 160,000-mile network of the Nation's most important roads, including the Interstate System. Funds would continue for other roads, but under Section 1016 ("Program Efficiencies"), Federal oversight of projects off the NHS would be reduced significantly if State transportation departments followed State laws and regulations for design and construction of projects.

At the same time, Congress increased some of the "strings" that went with the funding. For example, ISTEA strengthened the statewide and metropolitan planning requirements to ensure State and local officials considered priority issues that Congress wanted to emphasize, such as preservation of existing facilities, relieving congestion, access to ports and other intermodal

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[307] For information on the origins of ISTEA, see "Creating a Landmark" in the November/December 2001 issue of *Public Roads* at http://www.fhwa.dot.gov/infrastructure/rw01.htm.

facilities, efficient movement of freight, expansion of transit, and the overall social, economic, energy, and environmental effects of transportation decisions. To help State and local officials set priorities for project selection, ISTEA required the States to establish “management systems” for highway pavements, bridges, highway safety, traffic congestion, public transportation and intermodal facilities. (After the States objected, Congress eased this requirement.)

In these and other ways, Congress altered the Federal-State balance while retaining a strong Federal presence in highway, transit, and safety programs.

Following the Republican takeover of both Houses of Congress after the November 1994 off-year elections, Congress debated the issues in the context of a broader devolution philosophy, embraced by many Republican members, of returning authority to the States for activities that were not seen as inherently Federal. The Departments of Commerce, Education, Energy, and Transportation were among the Federal agencies considered for devolution.

By 1996 and 1997, as discussions began about reauthorization of ISTEA programs, advocates of devolution targeted the Federal-aid highway and transit programs for elimination or sharp reduction. Devolution, however, had lost favor. The Governors, acting through the National Governors Association, supported the ISTEA structure and sought more Federal-aid funding as well as early approval of the reauthorization legislation to avoid project delays. Attempts by a few Governors to secure support among the Governors for devolution failed. As a result, the Transportation Equity Act for the 21st Century, approved by President Bill Clinton on June 9, 1998, largely followed the structure of ISTEA.

Conclusion

In the Constitution, the Founding Fathers had wrestled with the balance of power among the partners in the great experiment they were creating. Although the Constitution established the framework, it left sufficient flexibility that the struggle among the Federal and State partners, as well as the three branches of the Federal Government, has been continuous, with the balance of power shifting as events, trends, and individuals come and go. If history can tell us anything, it is that the struggle over the Federal-aid highway program, as over all Federal-State relations, will continue.

The Constitution assigned to the national government the authority to “establish . . . post Roads,” a phrase that has been subject to varying interpretations since 1787. As James Madison explained in Federalist Paper No. 42:

> The power of establishing post roads must, in every view, be a harmless power and may, perhaps, by judicious management become productive of great public conveniency.

> Nothing which tends to facilitate the intercourse between the States can be deemed unworthy of the public care.[308]

Initially, as Congress and successive Presidents debated the National Road and other Federal road construction, the question turned on whether the word "establish" meant the Federal Government had the power to construct post roads or only to designate existing routes.[309] The Supreme Court, in 1893 and 1907, would end the debate by confirming the Federal role in road building under the "general welfare" clause of the Constitution.

How to exercise that authority has been the question ever since, for as Alexander Hamilton pointed out in Federalist Paper No. 7:

> There is, perhaps, nothing more likely to disturb the tranquility of nations that their being bound to mutual contributions for any common object that does not yield an equal and coincident benefit. For it is an observation, as true as it is trite, that there is nothing men differ so readily about as the payment of money.[310]

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[308] *The Federalist Papers*, p. 271. Historians consider this comment to offer general support of post roads rather than a contradiction of Madison's view that an amendment to the Constitution would be needed to permit Federal involvement in internal improvements.

[309] "Postal Power," *The Constitution of the United States of America: Analysis and Interpretation*, Congressional Research Service, Library of Congress (Senate Document No. 99-16, 1987), p. 319.

[310] *The Federalist Papers*, p. 65.