

General Lucius D. Clay's Testimony

Series: FHWA Highway History Website Articles

June 2023



U.S. Department of Transportation
Federal Highway Administration
1200 New Jersey Ave, SE
Washington, DC 20590

The original format of this document was an active HTML page(s) located under <https://www.fhwa.dot.gov/infrastructure/history.cfm>. The Federal Highway Administration converted the HTML page(s) into an Adobe® Acrobat® PDF file to preserve and support reuse of the information it contained.

The intellectual content of this PDF is an authentic capture of the original HTML file. Hyperlinks and other functions of the HTML webpage may have been lost, and this version of the content may not fully work with screen reading software.

General Lucius D. Clay's Testimony

Senator Albert Gore, Sr., of Tennessee had been elected to the U.S. House of Representatives in 1938. In 1952, he challenged Senator Kenneth McKellar, who had been a Senator for 35 years, in the Democratic primary. McKellar was seen as an entrenched "shoo-in" who would easily defeat his 44-year old challenger. However, Representative Gore crisscrossed the State and delivered 1,000 speeches, which helped him carry most of the State's counties in the primary, which he won by a 90,000-vote majority. He became a United States Senator in 1953.

When the 1954 mid-term elections returned the Senate to Democratic control, Senator Gore became Chairman of the Subcommittee on Public Roads in the Committee on Public Works. On February 21, 1955, Chairman Gore opened a hearing on the National Highway Program. The hearings were the first to be chaired by Gore in the Senate. He indicated:

I particularly solicit the help of each of you in the conduct of this hearing and in arriving at sound highway legislation to meet the challenge of transportation problems. Heretofore the Federal-aid highway bills have never been regarded as political. I surely hope that they never will be so regarded.

Gore would later describe the hearings as "the most exhaustive hearings ever conducted on highway legislation." They lasted 21 days over 3 months, included testimony or statements from over 100 individuals, and occupied 1,072 pages in a committee compilation.

In scheduling the hearings to begin on February 21, Senator Gore had expected the Administration bill to be ready for consideration. He had, therefore, invited Secretary of Commerce Sinclair Weeks to be the first witness, although the Secretary had to decline because of a prior commitment. Just before the hearings began, the Administration announced the President's message would be delayed (until the following day, February 22, as it turned out).

The hearings began on a sour note with the members discussing the fact that the Department of Commerce had not submitted all the reports requested by the Federal-Aid Highway Act of 1954. Missing were the reports on the cost of relocating and reconstructing utilities services resulting from highway improvements (Section 11) and a comprehensive study of all phases of highway financing (Section 13). They had been due February 1, 1955. On January 31, the Department had asked Congress for a 60-day extension to complete the reports. As Secretary Weeks explained in a February 16 letter to Senator Gore:

These latter reports required the collection of extensive data from State highway departments, public utilities, and utility regulatory agencies in all parts of the country, and the preparation of numerous statistical analyses, maps, charts, and diagrams. Completion of the reports has also been delayed by the demands made by the President's Advisory Committee on a National Highway Program and the Governor's Conference on the staff of the Research Department of the Bureau of Public Roads.

Senator Francis Case (R-SD), the former subcommittee Chairman, raised the issue because of his concern that politics had become part of the subcommittee's work:

It has been said to me that the delay in these reports has been followed by the introduction of a bill [the Gore bill] which tended to throw the whole question of highway development into politics. I think that is an unfair charge.

I know the chairman of this subcommittee. I have worked with him a great many years and I do not think he wants highways thrown into politics. But you do have a situation where the delay in the presentation of these reports, for whatever reason it may have been, has made it possible to introduce another bill here. We are starting hearings on that bill before we have hearings on the recommendations which the President may make, whatever they may be.

Unfortunately in some quarters it is getting a political interpretation. I thought if we could find out why there was a delay in the presentation of the reports . . . it would perhaps tend to answer these suggestions.

The members debated the issue at length, even wondering what remedies the subcommittee might have when a report is not delivered on time. Several times during the discussion, Senator Gore made a simple point, as when he said:

I seem to be in the unusual role of being Secretary Weeks' defender. I think that Mr. du Pont will have an explanation that will be satisfactory to the committee.

Du Pont, now Special Assistant to the Secretary of Commerce, was the first witness. He had been appointed Commissioner of Public Roads in 1953, but had now taken on an advisory role to help secure legislation implementing the President's highway program.

Senator Gore asked du Pont to begin by responding to Senator Case's concerns about the delay in providing the report and an inquiry from the same Senator regarding the new Special Assistant position. Du Pont indicated they had been delayed by two circumstances that were unforeseen when the Federal-Aid Highway Act of 1954 was enacted. First had been the unexpected demands for information by the Governors' Committee and the Clay Committee.

The second circumstance was the illness of the Director of the Research Division, Herbert S. Fairbank, the lifelong Baltimorean who had played major roles in developing all the important reports of the Interstate gestation period: *Toll Roads and Free Roads* (1939), *Interregional Highways* (1944), and *Highway Needs of the National Defense* (1949). While vacationing in Italy the year before, he had contracted an illness from which he had not fully recovered. Du Pont explained:

Regrettably, Mr. Fairbank has not recovered completely and he has not been able to spend more than about half his time, in my judgment, since last summer on this work, which handicapped the bringing together of the factual data and completing the report

It was just physically impossible, gentlemen, in view of those circumstances, lack of control and other circumstances, illness on the part of the Director, and the demands by the governors committee and the Clay committee, it was physically impossible to comply with the direction of Congress.

As for when the studies would be submitted:

I discussed that matter at length with Mr. Fairbank, who now comes to the office about half the time, and, while we have asked for a 60-day extension, I should be quite disappointed if it is not available within half that time.

Du Pont also explained that his new position came about because of the demands of his previous position:

The responsibilities of the Commissioner of Public Roads have been increased continually since 1916. There are many prescribed responsibilities as you well know. His time is pretty well filled with discharging these duties and adjusting problems that come up in the States through delegations calling, and so forth

It became evident to me in the latter part of the fall [1954] that it would be physically impossible for me to discharge the prescribed duties of the Commissioner of Public Roads, and at the same time give the maximum assistance to the extent that I am able to assist the Members of Congress in evaluating such highway problems as might be presented to the Congress.

Du Pont added that he had expected to be appointed Assistant to the Secretary.

Frankly, I did not know until last week, when I went over to get my commission, that I am a Consultant to the Secretary of Commerce. The reason for that, I believe, was that I refused to accept any compensation acting in a capacity which is not a prescribed one, and there is some question as to whether one can act as a special assistant to the Secretary without compensation.

As he explained, "My interests [sic] in highways has always been an avocation, and not a profession."

Senator Case asked, "Not even a dollar-a-year man?"

"Not even a dollar, as far as I know," du Pont replied.

When Senator Gore commended du Pont for "the service that you have rendered to the cause of good highways in the country," he replied, "It is a privilege to continue one's hobby."

Du Pont's brief formal statement simply recounted the history of developments since Vice President Nixon had delivered the President's Grand Plan speech. With the report pending and the President planning to meet with congressional leaders, including Senator Gore, in the afternoon, du Pont indicated, "it would be premature for me to comment at this time on any specific legislative proposals." Although the Senators tried to get his comments on details known about the Clay Committee's plan or about the bill Senator Gore had introduced, du Pont declined each opportunity to respond.

The only other witness to testify on the opening day, Commissioner of Public Roads C. D. "Cap" Curtiss, was also unable to comment directly on the President's bill or the Gore bill.

That afternoon, as Congress began a brief break for George Washington's birthday, the President held a bi-partisan meeting with members of the Senate and House public works committees to outline the aims of his program. The meeting was, according to Press Secretary James Hagerty, the first time the President had invited Democrats to the White House to discuss a domestic issue.

The Administration's bill was introduced in the Senate by Senators Case, Dennis Chavez (D-NM, the Chairman of the Committee on Public Works), and Edward Martin (R-PA) as a courtesy to the Administration, but none of the senior Republicans would champion the bill. By March 3, *Engineering News-Record* could report that Eisenhower's highway program was "in trouble--bad trouble." The bond financing mechanism, with its \$11 billion in interest payments, was the chief problem. Critics considered the Administration bill a "bankers bill" that would provide too much benefit to bankers and investors at the public's expense. Further, the Administration "lacks a crusader" for the program "in a quickly developing political fight."

With the senior Republicans expressing little interest in the President's bill, a freshman Senator would emerge as its chief advocate. Senator Prescott Bush of Connecticut was described by the contemporary writer, Theodore H. White, as "an able and distinguished man making his mark for the first time upon the Senate and nation in an issue of national significance. He had made a fortune in investment banking and was, therefore, in a good position to understand and promote the President's bond proposal. Bush had joined the Senate in 1953 after winning a special election to fill the term of a deceased Senator. He won reelection to a full term in 1956.

Senator Gore resumed hearings on February 23 with witnesses from a range of perspectives over the next few days. The Administration, represented by Secretary Weeks and former Commissioner du Pont, testified on March 10 in

support of the Clay Committee's proposals. Secretary Weeks began by criticizing the Gore Bill. He objected to several features, noting that among other problems, it would "either require the levy of additional taxes or would increase the national deficit." But one of "the greatest deficiencies" was the bill's emphasis on improving the existing Federal-aid systems in advance of the Interstate System:

I feel sure no one could dispute that the 40,000 miles of Interstate highways are essential to our economic well-being and defense. This network is the backbone of our highway system, and without question of greatest national and Federal concern. It should therefore receive the greatest national and Federal concern Assuming S. 1048 [the Gore Bill] is enacted and similar bills are reenacted every 5 years, it is estimated the 10-year needs of the primary and urban systems would not be satisfied before 1975, the secondary system before 1980, and the Interstate System before 1987, not to mention such additional needs as would accrue after 1965.

He stated that the Administration Bill, including creation of a Federal Highway Corporation to issue 30-year bonds, "provides a constructive and realistic foundation for a sound program."

Most of the questions for Secretary Weeks came from Senator Gore. They mainly concerned the terms of the bond issuances, with particular emphasis on the Secretary's statement that, "The bonds would not be directly guaranteed by the faith and credit of the United States." If not, upon what security, Senator Gore wanted to know, would they rest? The Secretary replied:

On the pledging of the gas tax money. The owners of the bonds as security have a first call on the 2-cent gas tax, and they have additionally, what I would call, a temporary hedge, so to speak, in the \$5 billion borrowing capacity that the Corporation would have from the Treasury.

Senator Gore, after clarifying details of how the debt would be secured, stated, "If these are not obligations of the Government of the United States or the people of the United States, then whose obligations are they?"

Senator Bush tried to clarify by pointing out that since the bonds were backed only by the gas tax revenue and a limited line of credit from the Treasury Department (\$5 billion in any year), "the full faith and credit is not involved."

Senator Chavez agreed with Senator Bush but asked, "if the Government issues a bond or bonds to a certain limit, should not the Government be behind those bonds, like they would in any other bond?" He added, "I would hate to think that a Government bond is issued, and the Government is not behind it."

Secretary Weeks explained that normally, government bonds are backed by the full faith and credit of the government, but that would not be the case with the highway bonds: ". . . this is a security that is sold to the purchaser whose eyes are opened wide to the fact that his security rests on the allocation of this 2-cent gas tax revenue."

Chavez also raised what in just a few weeks had become the common concern about debt service:

A lot of people are writing me from all over the country and saying why issue \$20 billion worth of bonds and pay \$11 billion worth of interest in 30 years; this \$11 billion could build lots of roads.

In other words, they feel that this is an investment bill and not a road bill.

Secretary Weeks replied, simply, "I do not think it is, sir."

Having been unable to secure the Secretary's agreement that the bonds would be backed by the full faith and credit of the Federal Government, Senator Gore yielded to Senator Strom Thurmond (D-SC). As had been the case with previous witnesses, Senator Thurmond had one main issue:

State whether or not a system of tolls might be provided on such a system and if inadvisable why, in order to make this self-liquidating project from the tolls and the revenues from the gasoline taxes without paying such tremendous amounts of interest.

The Secretary replied that he did not think the Federal Government should get into the toll business, but he deferred to du Pont, who stated:

First of all, the total number of miles that might be self-liquidating or have a sizable ratio of traffic to make the construction feasible, is quite limited.

It is impossible to state, of course, precisely how many miles there currently are. Our loose figure is 1,000 in operation, another 1,000 under construction, and possibly another 6,000 to 7,000 miles might be feasible without subsidization of the toll road.

Such a facility does not serve the community locally, because a toll road only has access where it is profitable. Consequently, you may not have access to that facility for many miles, and, therefore, in my judgment it is not the type of facility, certainly not profitable, insofar as serving the needs of any given area.

Because of other Senate business, the subcommittee adjourned without completing the questioning of Secretary Weeks and former Commissioner du Pont.

At the next session, on March 11, the subcommittee heard from the star witness, General Lucius D. Clay, whose committee had created the President's proposal. Senator Gore expressed his "personal appreciation" to the General "for the devoted and patriotic service you rendered your country" in devoting time without compensation to the Nation's highway problems. "Whether this committee or individual members of it will agree in all details with your recommendations is beside the point."

Speaking without notes, General Clay summarized how the President had established the committee and how Clay and the other members had developed their findings. On the subject of bond financing, he explained:

To us this seemed a more conservative way of doing it than by adding to the national debt and doing it from general revenue, which might or might not be liquidated or reduced over the period, whereas under this particular type and kind of financing it would guarantee that the roads would be paid for and the bonds retired, during their useful life by the gasoline tax paid by those who would use these roads and highways.

In summary, he cited four "compelling reasons" for the proposed program:

I believe that a total bearing of the cost by the Federal Government with the exception of the rather minor amount to be contributed by the States as they are now doing, was justified because these roads have been certified as necessary to national defense Second, they are extremely urgent to the civil-defense program for the evacuation of our cities. Third, they are an important factor to our total economic life Fourth, and most important though, I think to us was, if I may use the word, the social aspect of the automobile and its use, because it has become a very essential part of American family life.

The Interstate System, he said, was justified as a Federal expenditure. Further, the Federal Government should underwrite completion of the System within a 10-year period with arterial connections to our important urban centers, while continuing the other road work that had been part of the national program for many years. Moreover, he had complete confidence in the market to absorb the bonds without interfering in the marketing of other government securities.^[1]

That was, he said, the basis for the Clay Committee's recommendations to the President, who had transmitted them to Congress "accompanied by his own message, in which he pointed out that he was inclined to the viewpoint that our way of financing was the sound way." However, in the final sentence of Clay's statement, he added, "He did not commit himself as to that being the only way of financing."

The questioning of General Clay followed several themes. No one doubted the importance of the Interstate System, but some doubt existed as to how much the justification for its construction rested on defense needs. Senator Thurmond, for example, suggested "it might be better to call it a system of defense roads" to overcome concerns about construction of the network on new location. General Clay noted that his committee's report referred to the Interstate System as vital to national defense and civil defense. He added:

Personally, I go much stronger than that. I think they are roads for survival. I think not only are they necessary for our defense needs, but for our whole economic future. I do not separate the two I think we have got to have adequate highway systems if we are really to survive as a people with a viable, growing economy.

A related issue was the value of urban freeways in evacuating cities threatened by atomic attack. Senator Patrick McNamara (D-MI), who was from Detroit, doubted freeways would be much help in evacuation. He had observed that when one crash occurs on a freeway, 10 cars pile up. "This is just normal driving, and they are not running scared for their lives." He added:

I cannot visualize it lasting for 10 minutes as a means of escape when people are running for their lives, and I do not believe that it is going to be worth a thing under those circumstances.

Senator McNamara, in fact, would "use the alleys rather than use the superhighway" if he were trying to escape the city in the face of a pending atomic attack. All in all, he would rather justify the Interstate System as necessary for economic reasons rather for evacuation.

General Clay responded that, "While I do think the convenience need is there, to my mind the economic need is so great that you really need nothing more than the economic advantages."

The financing aspects of the Clay Committee's plan came in for scrutiny as well during the General's testimony. Senator Thurmond, noting that the finance charge would "be one of the greatest bones of contention," asked if the committee had considered other methods of financing. General Clay responded that the committee had considered financing based on annual income, but that this would increase the deficit, which would have to be financed by debt adding up to almost as high a total of interest as the committee's plan. Toll financing would be possible only for a very limited part of the network. Financing on a pay-as-you-go basis through a gas tax increase was also rejected:

I think the figure was about 4 cents. It just about trebled the Federal gasoline tax to do it on a pay-as-you-go basis in the life of the project. The reason we didn't do that was because of the historic relationship of the Federal gasoline tax to the State gasoline tax and the fact that the State gasoline taxes are being raised constantly; that the States are looking for the gasoline tax from which to provide their share of the expenditures, and also, the well-known desire of the States to have the 2-cent Federal tax returned to them.

Increasing the tax, Clay said, would increase the number of Federal roads, but decrease the number of roads the States could afford to build.

Whether the Clay Committee's financing plan relied on the "full faith and credit" of the United States was another subject of dispute. The bonds, Clay explained, would be backed by gasoline tax revenues, with the Treasury Department able to borrow revenue from the general Treasury if Congress ever failed to make funds available. In response to a question from Senator Case, Clay agreed that the committee's recommendation on this point was not in the President's proposal. The Committee had wanted Congress to express its intent to appropriate sums each year

that would be equivalent to gasoline tax receipts to cover interest payments. The Treasury Department, however, had "wanted to definitely pledge the gasoline tax revenue, thereby insuring its going into a special account in the Treasury where it would build up and be available to retire these obligations as they come due."

Clay was confident the Treasury Department would advance funds to the corporation as needed, but not in excess of need. "No," he assured Senator Case, "not with their caution."

The assurance didn't satisfy the Senator:

General Clay, the record of the Secretaries of the Treasury varies somewhat, but few of them, regardless of what party they have represented, have been able to predict the deficit or the revenues wholly accurately, and the possibility certainly exists that he would overestimate.

Senator Richard L. Neuberger (D-OR), a teacher and writer in his first year as a Senator, addressed the \$11 billion debt issue by suggesting that if the Federal gas tax were raised to 3 cents (from 2 cents), the total debt in the program could be reduced to \$4 billion. He questioned, therefore, General Clay's assertion that raising the Federal gas tax would decrease the ability of the States to finance road projects. As the Senator pointed out, the States did not appear to have been limited over the years when the present tax was increased to 2 cents.

Acknowledging the point was a difficult one to answer, General Clay explained the practical reason why his committee, which the President had directed to work with the Governors, reached its conclusion on the financing package:

When we started on this road-construction program, we first conferred with the governors. Their first position was they did not even want the Federal Government to take this 2 cents. They wanted it all turned back, and the States would build the highways.

There is a great question about that, and in many States it would not provide the revenues to build the highways. Therefore, when the executive committee of the governors accepted the application of the 2-cent tax to finance the road program, it was a complete reversal of their program.

It was largely because of this controversy between State and Federal Government as to where this tax should be made, either as a Federal or a State tax; they felt we should content ourselves with the tax as it now stands, particularly if the tax is sufficient over the life of the roads to pay for the roads. We think it is.

Because of continuing concerns about whether revenue bonds, as proposed by the Administration, could be issued without adding to the national debt, Senator Thomas H. Kuchel (R-CA) suggested the committee seek a legal opinion. Senator Gore agreed because the Congress " . . . has seldom considered a bill involving such vast amounts of such wide importance" They decided to ask Attorney General Herbert Brownell for his views and to ask the new Comptroller General of the United States, Mr. Joseph Campbell, to testify on the issue.

In response to a question from Senator Kuchel about the 90-10 Federal-State matching ratio in the Administration's bill, Clay explained how the percentages came about:

[We] did not want to relieve the States of any responsibility that they now had; and now to get this \$175 million a year [authorized in 1954 for the Interstate System], they are requested to provide an amount, roughly, of 40 percent of the total, which is somewhere in the neighborhood of \$108 million a year.

Therefore, over this 10-year period the States, in accordance with the degrees they would have participated in the \$175 million, would still provide \$108 million a year towards costs of the Interstate System.

Over the 10 years that is a little more than a billion.

Senator Gore questioned the Administration bill's proposal to give credits, on the basis of "equity," to States that have constructed Interstate segments to Interstate standards without Interstate funds. He saw this provision as a bad precedent that could be applied to other Federal programs, such as aid to schools and hospitals. To make his point, the Senator cited good advice he had received from his father: "Son, always start from where you are at." Going forward without credits for past work would, Senator Gore believed, be a good starting point.

General Clay responded by referring to the 1,400 to 1,500 miles of toll roads authorized to go to construction. If, he said, Congress indicated it would pay for Interstate highways in the corridors, but not reimburse debt if the States went ahead with the turnpikes, "you would have stopped all that construction, and you would have delayed that many miles of active highways coming into use in the United States." He added:

We believe that the need for highways was much greater than that, and it was much better to let them go ahead I must admit that starting from scratch is a very clean and healthy way to do things; but starting from scratch here, in our opinion, would have delayed the construction of very important highways.

When Senator Gore commented that by establishing a precedent, the proposal "will create a grab bag without bottom," Clay put his response another way:

[If] you were asking me would I rather have a highway program without reimbursement than no program at all, then I would tell you definitely I would rather have a highway program without reimbursement than have no program at all, but I am sure that the highway program with reimbursement will give you more highways in the long run, because the money which the States would get for these roads, they must spend for other roads.

Gore noted that the Administration's bill would allow the credit to be used to retire debt. Clay agreed, but pointed out that the idea did not come from his committee. It was added on the theory that "by and large, the Federal Government prefers free roads rather than toll roads to the full degree that it is practical and realistic." Asked his personal view, Clay said, "I would personally prefer to see all of the money spent on building new highways rather than on retirement of toll-road bonds.

Near the end of Clay's testimony, Senator Roman Hruska (R-NE) expressed concern about the idea of earmarking funds for the specific purpose of debt retirement, as proposed by the Administration. Hruska cited the case of an unnamed State in which 80 percent of its revenues are earmarked, with only 20 percent for appropriation. He wondered if something similar could happen at the Federal level if the Administration's debt proposal were adopted. Clay did not have a chance to reply. Senator Gore interjected that the Federal Government now had one straightjacket, namely the national debt. Soon, we could have many. He added that, "I would prefer one straightjacket to many."

Senator Case then noted that in 1954, the Senate had objected, and deleted, a "linkage" provision in the House version of the Federal-Aid Highway Act. The Senate, and the bill, provided that Federal-aid highway funds would be roughly equal to gas tax receipts, but without the mandatory linkage, to avoid unfairness to those, such as farmers, who used gasoline for nonhighway purposes.

I think it is manifestly impossible to expect that the Congress, when it recognizes the situation, will ever approve a dedication of the Federal gasoline tax to the building of interstate roads.

Before the committee adjourned for a Senate floor vote, Senator Thurmond had the final question for General Clay. He asked if Clay's committee is "bound or wed to" any particular financing proposal or toll reimbursement concept. Clay responded by noting that the Interstate System "is vital and essential to the country." He told the Senator:

[We] would not want, at least I would not want to see the question of how this road system was to be financed prevent us from having a completed Interstate System in the next 10 years.

In adjourning the session, Senator Gore asked General Clay if he would be available for further questions should the committee so desire. The General agreed.

The Senators had revealed no sympathy for the Administration's plan. The chief Republican advocate, Senator Bush, had not been able to attend the hearing. As *Engineering News-Record* stated after the hearing, Clay "made a good case for the Administration bill but found none of the senators fully sold on it." The magazine observed that, "There is virtually no outstanding Republican or Democrat in either House of Senate who is willing to lead an all-out fight for the Eisenhower program."

The subcommittee never recalled General Clay for further questioning. By the time the subcommittee might have done so, it would have been pointless. The President's plan, especially the financing element of it, was essentially dead.

Notes:

1. See complete statement at <https://www.fhwa.dot.gov/infrastructure/claytext.cfm> [[return to text](#)]
