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Senator Harry Flood Byrd of Virginia - The Pay-As-You-Go Man

by Richard F. Weingroff

Senator Harry Flood Byrd

Before developing a plan to issue bonds to pay for the Interstate System, General Lucius D. Clay might have been better off if he had taken a close look at a key Member of Congress, Senator Harry Flood Byrd of Virginia. If General Clay had done so, the financing mechanism of the Administration's plan probably would have been different.

In the 1954 congressional elections, the Republicans lost control of the Senate. Senator Byrd was the new Chairman of the Senate Finance Committee, which would be responsible for the revenue portion of any legislation emerging from the Senate authorizing the proposed program. As the White House might have predicted, Byrd could be counted on to oppose the Clay Committee's financial proposal. A lifelong highway booster, Senator Byrd was also a lifelong pay-as-you-go man with a nearly pathological hatred of debt, whether personal or public.

Harry Flood Byrd

Byrd was a member of the Byrd family that could trace its Virginia roots to 1670. His brother, Admiral Richard E. Byrd, was the well-known polar explorer. But Harry Flood Byrd did not inherit wealth. He earned his wealth through wise investments, mainly in apple orchards in the Shenandoah Valley. Byrd family biographer Alden Hatch discussed how roads were important to Byrd's early success:

> To keep track of his multiplying orchards he bought a horse and runabout--a smart, one-seater trap that had evolved from the farmer's buggy. When he needed more speed, he got a motorcycle on which he whizzed, bumping and jumping over the rutty roads and between the long rows of burgeoning trees, the very prototype of a young man in a hurry.[1]

Byrd also was publisher of the *Winchester Evening Star*, which his father owned but had allowed to deteriorate into debt. Shortly after taking over, young Harry Byrd faced a crisis brought on by the fact that the newspaper owed $2,500 to the Antietam Paper Company. When the company refused to ship more paper on credit, Byrd convinced the company to ship one day's paper at a time, in return for immediate cash payment. The company agreed. Even so, Byrd had to scrape to find the daily payment, and the paper was late some days. As Byrd would later say, "when you have to hunt for them that way, you get to know how many cents there really are in a dollar."

Hatch pointed out, "This was the first appearance of Byrd's famous pay-as-you-go policy." This policy, coupled with opposition to debt, would characterize Byrd's personal and political ideas for the rest of his life. Hatch attributed Byrd's dislike of debt, particularly public debt, to deep seated conviction:

> The lack of cash money in his youth conditioned his thinking on fiscal matters throughout his life; that, and having been born only twenty-two years after the Civil War when the Shenandoah Valley was still a place of genteel poverty . . . . Harry Byrd never lacked food, but he had no money for luxuries. No one had any money. If a man got into debt, there was small chance of getting out of it. The Commonwealth itself was in debt; and it seemed as though it would never be paid off. So owing money was a terrible thing, a lifelong burden and a stain on honor. Byrd never forgot the misery it brought. He had an almost pathological abhorrence for borrowing that went beyond reason to the realm of deep emotion.

Byrd soon became a road man. In 1908, at the age of 21, he became president of the Shenandoah Valley Turnpike Company, which owned and operated the Valley Pike, a 92-mile turnpike built between Winchester and Staunton at a cost of $465,000 and completed in 1838 (now part of U.S. 11). As president, he earned $33 a month and was required to drive the entire route at least twice a month to inspect it and arrange for repairs. He improved the road, already the best in the State, and kept it in shape. When the turnpike experienced increasing automobile traffic (5 percent of gross revenue in 1908, 60 percent in 1913), Byrd oversaw reconstruction of the pavement for this new demand.

On October 7, 1913, Byrd married Anne Douglas Beverage, a childhood friend who lived only a few blocks away from his family. They lived with her parents on Stewart Street in Winchester until he built a log cabin at the Rosemont Orchard in Berryville in 1916. They had three sons (Harry, Jr., Bradshaw, and Richard) and one daughter (Westwood Beverly).

Entering Politics

A lifelong Democrat in a heavily Democratic State, Byrd ran for the State Senate in 1915, largely on a platform of good roads and government efficiency. Byrd biographer Ronald L. Heinemann described the road platform:

> Byrd wanted to give the localities more say in the distribution of money and in the types of roads to be built. Objecting to the emphasis on a permanent road system for tourists and city residents as the expense of farm-to-market roads, he claimed that farmers had to pay a "mud tax" on hauling produce to market because their roads were so bad.

These views would create clashes with Virginia's highway officials for years to come.

Heinemann also quoted Byrd on government efficiency:

> [He] addressed the waste in Richmond, specifically the extended legislative sessions that he claimed cost the taxpayers $50,000. "I stand for strict economy in governmental affairs," he proclaimed. "The State of Virginia is similar to a great business corporation . . . and should be conducted with the same efficiency and economy as any private business." In a fifty-year political career, no statement of Byrd's ever more succinctly spelled out his view of government.[2]

After winning election, Byrd served on the Roads and Privileges Committee. He introduced legislation that allowed the State to buy the Valley Turnpike and remove the tolls, thus putting himself out of a job in 1918. He also worked on other measures to improve Virginia's roads, including 1918 legislation to create a State highway system. In 1920, over his objections, the General Assembly approved a bond issue for highway construction, which the electorate strongly ratified in a referendum that fall. Another law that same year allowed the counties to borrow money to improve roads included in the State system.

Heinemann refers to 1922 as the pivotal year in Byrd's career-and debt for road building would be the key issue that propelled him forward. He had previously opposed debt, but his apple business relied on personal debt and he had supported some bond issues, even for roads. Now he hardened his views. As Heinemann explained:

> At this point several factors, all undergirded by his visceral objection to debt and the waste of interest payments, combined to turn him into a vigorous foe of state borrowing . . . . Harry Byrd believed in economy in government. Public indebtedness, he feared, would cultivate a spendthrift mentality, affecting not only road building but all other state services. Higher taxes and wasteful spending would result. He particularly disliked the long-term nature of bonds, which, like Virginia's nineteenth-century debt, could remain a burden for generations to come and hinder the state's development. Referring to that antebellum debt in 1962, Byrd said, "That's the reason I have always been so opposed to bond issues."

In 1922, Byrd took on the State highway department in an effort to shift its emphasis from trunk line roads to county roads. He had often differed with Commissioner George Coleman, who had headed the department since 1913, but Coleman's support for a bond issue to finance the State highway system gave Byrd the opening to try to reorganize the highway agency. He proposed to abolish the position of Commissioner and establish a five-member State Highway Commission. To further this goal, Byrd launched a joint House-Senate investigation of allegations of abuse by the highway department. Heinemann summarized the joint committee's findings:

> The majority report approved by Byrd and three other members found no graft in the department but criticized it for "unintelligible bookkeeping" and excessive costs in engineering and letting contracts.

The minority report concluded the department was "honestly, efficiently and economically administered."

The resulting legislation was a compromise. A five-member State Highway Commission was established as Byrd wanted, but the position of Highway Commissioner was retained for engineering functions. Coleman, as expected, was appointed to the position, which he held only until 1923, when he resigned to head the Virginia Good Roads Association.

Governor E. Lee Trinkle selected Henry G. Shirley to be Chairman of the State Highway Commission, effective July 1, 1922. Shirley, before moving to Virginia, had a distinguished career as Chief Engineer of the Maryland State Roads Commission that led to his selection as the first president of the American Association of State Highway Officials (AASHO). In Virginia, he would remain in office as Chairman or Commissioner until his death on July 16, 1941. Byrd, however, ensured that two of his associates, Wade Massie of Washington and Hugh Sproul of Staunton, were appointed to the Commission. Through them, he would be able to influence the Commission's decisions on funding priorities.

Highway financing was Byrd's other preoccupation in 1922. Governor Trinkle, who had campaigned against bonds, now supported a $12 million bond issue for road improvements. His turnaround on the issue helped supporters pass versions of the bill in the House and Senate. Byrd, who had voted against the Senate bill, and his associates in the House used parliamentary maneuvering to prevent a conference to reconcile the two bills, which died as a result. Accused of obstructing the measure because his Valley already had good roads, Byrd replied:

> We favor good roads as strongly as any other part of the State . . . . It is simply a question of means to reach the end; because I am firmly convinced that this is simply an entering wedge . . . and that it is the purpose of the Good Roads Association to ultimately force a measure for $50,000,000 on bonds which I think would be disastrous to the State.

During the 1922 election season, Governor Trinkle remained supportive of bonds as the best way to provide the roads the State needed. With the Governor's backing, Henry Shirley proposed the $50 million bond plan Byrd had predicted. The proposal called for a 2-cents per gallon gas tax to repay the bonds in 21 years. Byrd and his supporters responded with a proposed 3-cents per gallon gas tax bill to build the same number of roads on a pay-as-you-go basis in an equal amount of time.

At the start of a 1-month special session of the General Assembly that began on February 28, 1923, Governor Trinkle surprised Byrd by endorsing the gas tax plan instead of the bond plan. After what the *Richmond Times-Dispatch* called a "titanic struggle," the legislature reached a compromise. The gas tax was approved, but a referendum on the bond plan was also approved.

Byrd launched an extensive campaign to oppose the bond vote, including creation of a Pay-As-You-Go Roads Association. According to Hatch:

> Byrd took to the campaign trail. Back and forth across the state he went, by train, by Model-T Ford and, when that could not get through, by horse and buggy, slowing along those awful roads to plead with the farmers to vote against the bond issue.

On the day of the vote, rain reduced the State's roads to mud. Byrd, who had counted on the farmers to defeat the bond measure, expected defeat--how could the farmers get to the polls? Hatch explained the result:

> It did not happen that way. Cursing and griping, they hitched up their teams, cranked up their Model-T's and slogged through the red-mud morasses to vote against the fair promise of a hard surface upon which to travel to town. They did not want the improvement if they had to go into debt. The bond issue was soundly defeated by a majority of over 46,000 votes.

Heinemann summarized the significance of the successful effort to defeat the referendum:

> [The] 1923 bond referendum had a significance far beyond that of the speed with which roads would be built in Virginia. Everyone recognized Harry Byrd as the driving force behind the victory, as a man of rare organizational ability and indefatigable energy. This effort confirmed his leadership of the Organization [the political machine that controlled Virginia politics] and launched his campaign for the governorship in 1925.

Byrd consolidated his gains in 1924, prompting the General Assembly to approve additional taxes for highway construction. He also worked closely with Shirley, as Heinemann noted:

> As always, roads were never far from his mind. He was in constant communication with Henry Shirley about roadwork, fearing a new surge for bonds if highways were not taken care of.

Initially, Byrd had doubted Shirley was the right choice for the job, mainly because he was an engineer, not a businessman. Byrd quickly became a Shirley booster.

Byrd announced on November 22, 1924, that he would seek the governorship. As might be expected, his campaign platform included a promise to complete the State road system using a fair gas tax. At a meeting of the Virginia Good Roads Association in April 1925, he repeated his faith in the pay-as-you-go method and called for a 1-cent increase in the gas tax. In November, he won by a 70,000-vote margin.

Governor Harry Flood Byrd

On February 1, 1926, Harry Byrd took the oath of office as Governor. He told well-wishers:

> I construe my election as a mandate to me as a businessman to institute the best methods of efficiency and economy in State affairs, so that the people may obtain in the public service a dollar's value for every dollar spent. Useless offices must be abolished, duplicated services must be consolidated, and the manifold activities of the State systematized and directed with the efficiency of a great business corporation.

As Governor, he turned his attention first to his good roads pledge by encouraging Henry Shirley to continue building the State highway system. According to Heinemann:

> Shirley was now preoccupied with building a superior arterial network for the Old Dominion, but he could not avoid the enormous political pressures for jobs and roads. And Byrd was among the most demanding, lobbying his highway director or the regional commissioners to get roads completed, notably in the Winchester area. Shirley, who Byrd now flattered as "the best highway head in the country," would dutifully reply with lengthy explanations on why he could or could not do the work.

One of Governor Byrd's ideas was tax segregation, defined by Heinemann as "the separation of tax sources for state and localities." Localities, for example, would tax derive revenue from taxes on real estate and tangible personal property, while the State would tax remaining sources, including personal income. At the Governor's request, the 1926

General Assembly approved tax segregation and a 1.5-cent a gallon gasoline tax increase to compensate the counties for lost revenue needed for road improvements.

This increase was unpopular in ways that illustrate the difference between bond and tax financing. On one side were those who wanted to keep taxes low while speeding highway construction by issuing bonds to secure all needed funds upfront. On the other side, Byrd and his supporters preferred "pay-as-you-go," which meant construction would proceed only as fast as revenue came in. The 1926 increase proved unpopular, a turn of events that threatened Byrd's anti-bond efforts. When gasoline retailers added a half-cent to the cost of gasoline, the public was even more upset. Byrd denounced the retailers, claimed there was no justification for the increase, and called on the Federal Trade Commission to investigate. Although the price remained the same. Byrd's popularity was enhanced because he had stuck up for consumers.

Throughout his term, Governor Byrd remained an advocate of improved roads. Heinemann summarized the Governor's activities:

> Highways and tourism were his primary pursuits. He advocated building roads to state shrines such as Jamestown and Monticello and called for historical markers along roadways, the first of which appeared in Fredericksburg in November. He held regional meetings to bring about closer cooperation between state and county road officials, prophesying that the road system could be completed within ten years through such cooperation . . . . A tour of the highway system convinced him of the progress being made in extending the arterial network. Indeed, over 2,000 miles would be added to the system during Byrd's governorship, 1,787 of these miles in 1928. Road building was one way to keep the voters happy and prove the efficacy of pay-as-you-go . . . .

In 1928, he asked the General Assembly for another half-cent gas tax increase to add 1,500 miles to the system and help counties with road expenses. In an echo of an earlier battle, he also won General Assembly approval of his right to obtain disclosure of gas prices from distributors.

Under Virginia's Constitution, Governors cannot succeed themselves. As a result, Governor Byrd left office when his 4-year term ended on January 15, 1930. Commenting that Governor Byrd's many achievements "led the Old Dominion into the twentieth century," Hatch added:

> [The] accomplishment of which he was proudest was that when he took the reins, Virginia was running a deficit of $1,258,000. When he yielded to [new Governor John G.] Pollard, he left a $2,596,000 surplus.

Although Byrd left office, he retained control over Virginia's Democratic Party and, thereby, much of its government. The "Byrd Organization" would be a force in the State for decades. With his successor particularly, Byrd would have extensive influence. Governor Pollard told Byrd, "I distrust my own political judgment, especially as against your own which had proven so wise in the past." He would rely on Byrd in many situations, especially with the State and the Nation facing the decade-long economic nightmare of the Depression.

Senator Harry Flood Byrd

One of former Governor Byrd's chief concerns would be maintaining a balanced State budget and the reforms he had initiated in the structure of the State government. With tax revenue down during the Depression, maintaining a balanced budget would be a serious challenge. Still, he saw highway construction as essential for its own sake and for the jobs it created.

In 1932, he sought approval by the General Assembly of the Byrd Road Act. Its introduction caused objections about cuts in other areas while highway funding was being increased. Some areas, especially those with good roads, wanted to divert highway funding to other needs, such as schools. Byrd and Governor Pollard opposed diversion because, as Heinemann put it, Byrd knew diversion "would violate the long-standing pledge to Virginians that user taxes on licenses and gasoline were to pay for roads." The diversion bill died, but to address the other needs, Byrd made a unique proposal that he had been thinking about for a number of years.

His idea was that the State should take over the county road system, thus adding 35,000 miles to the State system and saving the counties $3.4 million that could be used for other needs. Heinemann described the reaction of Senator Sam Ferguson, Chairman of the Roads Committee: "Harry, you have gone crazy. Absolutely crazy." (Some accounts attribute this reaction to Commissioner Shirley: "Are you crazy, Governor?" he reportedly asked.) Rural interests favored the idea, but urban interests opposed it. Heinemann quotes an editorial in the *Norfolk Virginian-Pilot* : "Highwayolotry as a State Religion." Despite the added cost to the State of the additional roads and the opposition of the cities, the measure passed the State legislature.

In 1932, former Governor Byrd went to the Democratic Party's presidential nominating convention as Virginia's Favorite Son candidate for President. Byrd's favorite candidate, however, was Newton D. Baker, the former Secretary of War who had launched the U.S. Army's 1919 transcontinental convoy. In Byrd's view, Baker was better presidential timber than the leading candidate, Franklin D. Roosevelt.

At one point in the grueling nomination battles, Byrd was offered the Vice Presidency if he would release his votes to Roosevelt, but declined. Nevertheless, Roosevelt gained the nomination. Byrd became a strong Roosevelt backer, serving as Finance Manager for the campaign. This support was based on the conservative economic program embodied in the Democratic Party's Platform, which called for "a sound currency to be preserved at all hazards," and for balancing the budget by cutting government expenses by 25 percent.

On March 4, 1933, the same day Franklin D. Roosevelt took the oath of office for his first term as President, former Governor Byrd took the oath as an appointed member of the United States Senate. He was filling the unexpired term of Senator Claude Swanson, who had been appointed Secretary of the Navy.

Even as Roosevelt took office, the Depression deepened. On Inauguration Day, America's banking system collapsed. The New York Stock Exchange suspended trading. In response, Roosevelt abandoned the conservative platform that had appealed to Byrd and embarked on radical emergency measures to save the economy. These measures shook the foundations of the President's support among those, including Byrd, who favored less government and strict fiscal accountability.

For the United States, these were the days of darkest despair when emergency measures were most needed. After he saw that the President had no intention of returning to the conservative promises of the Democratic Party Platform, Byrd opposed the New Deal measures and the President. As Byrd put it, "I went along with the New Deal for the first ninety days." Even so, Byrd lobbied for additional relief money, particularly for road building, to create jobs in Virginia.

Senator Byrd was actively involved in creation of Shenandoah National Park and Skyline Drive through the park. He also is one of several people who are claimants to conceiving the Blue Ridge Parkway as an extension of Skyline Drive. Byrd claimed the idea was his, as he explained in a 1962 interview:

> At the dedication of the Shenandoah National Park [July 3, 1936], President Roosevelt, [Secretary of the Interior] Harold L. Ickes, and I were riding together from Panorama to Big Meadows. I suggested to Mr. Roosevelt that it would be a fine idea to connect the two parks, Shenandoah National Park and the Great Smoky Mountains National Park, by extending the Skyline Drive. He quickly agreed that it was an excellent idea but stated that we must begin up in New England. The President then said to me, "You and Ickes get together for the right-of-way." The New England governors were contacted but were not interested. In the meanwhile I was made chairman of the right-of-way commission. And that is how it got started.[3]

Several other claimants have also been identified as originators of the idea. Although Byrd's claim cannot be verified, he clearly supported construction of the Blue Ridge Parkway and lobbied for Federal dollars. The project was particularly attractive because the Federal Government would pay 100 percent of the design and construction costs if the State provided the right-of-way (much of it donated at no cost to the State).

Senator Byrd's national reputation was enhanced by a dispute in 1938-1939 with Chairman Marriner Eccles of the Federal Reserve Board. Byrd gave a speech to a taxpayers association in Massachusetts on December 10, 1938, in which he criticized "nine years of fiscal insanity," blamed much of the problem on the pump priming theories of British economist John Maynard Keynes, and blasted the idea that the recovery from the Depression could be achieved by borrowing.

When Eccles answered Byrd in a public letter that ridiculed his views on capitalism, Byrd responded in January 1939 with a statement that was widely reprinted in newspapers across the country. Heinemann quoted a portion of the statement on public versus private debt that is of interest in understanding Byrd's future relationship with the Clay Committee. In contrast with private debt, freely entered into, he described public debt:

> In respect to a public debt, the government makes the promise, and the people, or the taxpayers, perform the promise . . . . The government creates the public debt, and those who must pay are compelled to pay whether they would have entered into that promise or not . . . . A public debt is a universal mortgage. It is a first lien on every acre of land, on every house and home, on every piece of property, on every service that is rendered, on every transaction that is made.

Whatever the merits of his argument, his stand enhanced his popularity among conservatives. This new support helped him in 1940 to fight a Roosevelt proposal for a $2.5 billion lending program for roads and other public works. Heinemann quoted Byrd as referring to the plan as "a spending scheme masquerading as a lending scheme." Congress killed the bill.

In August 1941, Byrd and Roosevelt were still at odds. With the United States not a participant in the European war but preparing for the possibility of entry, Byrd criticized Roosevelt's preparedness program as "appallingly ineffective." The President responded that someone had "sold Senator Byrd down the river on his figures," but Byrd's attack prompted creation of a Supplies Priorities and Allocation Board to allocate resources among military and civilian needs.

When a bill came was being considered to increase taxes to underwrite the defense buildup, Byrd complained that it was "outrageous" to impose taxes instead of looking for ways to economize. The Revenue Act of 1941 included his proposal to establish a joint congressional committee to look into ways of eliminated nonessential expenditures. By late September, the Joint Committee on Reduction of Non-essential Federal Expenditures was in operation with Senator Byrd as Chairman. Every agency of the government was subject to the Byrd Committee's scrutiny. However, he especially enjoyed looking into President Roosevelt's New Deal agencies that seemed, to Byrd, to reflect a growing socialism that he strongly opposed. The Civilian Conservation Corps was one of the first victims, killed in July 1942 after Byrd claimed that with the United States now at war, the jobs it was designed to create were no longer needed.

Byrd would serve on the joint committee, sometimes as its chairman even when Republicans controlled the Congress, for the next 20 years. But whether he was chairman or not, it was always known as the Byrd Committee.

Senator Byrd thought a separate committee to investigate defense waste was needed and he wanted to chair the committee. However, when Senator Harry S. Truman proposed a similar investigating committee in January 1941, he was named Chairman. His handling of the committee would give him the stature to join the Roosevelt ticket as the Vice Presidential candidate in the 1944 election-and that led to his becoming President following the death of President Roosevelt.[4]

The Post-Roosevelt Years

Having come to oppose much of the New Deal agenda, Senator Byrd was equally dissatisfied with President Roosevelt's successors. In turn, Byrd was perennially at odds with his former Senate friend and colleague, President

Harry S. Truman, and with Presidents Dwight D. Eisenhower, John F. Kennedy and Lyndon B. Johnson. The key source of this opposition was usually the same. Each President, whether liberal or conservative, Democratic or Republican, violated Byrd's Jeffersonian principle of a President with limited executive power.

Senator Byrd's relations with President Eisenhower were cordial initially, despite the fact that Byrd had led the battle to delay confirmation of Charles E. Wilson as Secretary of Defense until he divested himself of all his General Motors stock. The turning point in relations between the President and the Senator came on May 17, 1954, when Eisenhower's appointee as Chief Justice, Earl Warren, released the decision in *Brown v. the Board of Education of Topeka*, which overturned the concept of "separate but equal" in public education. Hatch explained:

> [It] was not the actual prospect of desegregation that troubled Byrd most deeply; it was the fact that the Federal Government, through the Supreme Court, had commanded it in a sovereign state. He said that to him this was the ultimate outrage . . . . As he said later, "To say this decision is the law of land is to give the Warren Court the divine right to be wrong."

From then on, Senator Byrd would be one of the chief opponents of what he called the "Warren Court." In 1956, Byrd endorsed the Southern Manifesto calling for massive resistance by the States to the civil rights movement. He would be among the leaders in opposition to all civil rights measures that would come before Congress.

Senator Albert Gore, Sr., knew Byrd well. Gore, who worked with Byrd on the highway bill in 1955 and 1956, then joined the Finance Committee in 1957, said of Senator Byrd:

> He was one of the kindest men who ever lived, and a gentleman. . . . . He had habitually taken a somewhat simplistic view of the world and its problems . . . . When he endorsed [the] idea for the manifesto, the massive Byrd machine of Virginia swung into high gear and took over the leadership of the interposition strategy.

This, then, was the Senator, the Chairman of the Finance Committee, who would be considering the Clay Committee's plan for issuing bonds to finance construction of the National System of Interstate Highways.

The Clay Committee's Plan

Even before the President released the Clay Committee's report on February 22, 1955, Senator Byrd reacted to early reports of the plan by indicating his opposition to the financing concept, which he thought was "thoroughly unsound" and an attempt "to defy budgetary control and evade federal debt law."

He objected to creation of a Federal Highway Corporation to enter into a debt that would be outside the lawful national debt limit--guaranteed not by the full faith of the Federal Government but by the Department of the Treasury--and beyond congressional budget control. Despite the Treasury Department's guarantee, the corporation would have neither assets nor income to repay the debt. Instead, the hands of Congress would be tied for 30 years. Moreover, he pointed out that the proposed $20 billion, 30-year bond issue would require an interest cost of $11.5 billion (at the 3-percent interest rate anticipated by the Clay Committee). Interest payments, therefore, would amount of 55 cents on every dollar borrowed. And it would be, he said, "a very violent assumption to predict these bonds will be paid off at maturity."

Aside from viewing the Clay Committee's proposal as a poor way to finance roads, Senator Byrd saw it as an unfortunate precedent:

> If the government can borrow money in this fashion, without regarding it as debt and without budgetary controls, it may be expected that similar proposals will be made for financing endless outlays.

In short, he emphasized, "the bonds still would be debt," noting "you cannot avoid financial responsibility by legerdemain."

As a counter-proposal, Senator Byrd suggested cutting a half cent from the present Federal excise tax on gasoline and allowing the States to raise their gasoline tax rates. The Federal Government would continue matching State funds on a 60-40 basis for the Interstate System, as established in the Federal-Aid Highway Act of 1954. Byrd's plan would save $11.5 billion in interest payments, retain State control over their highways, and allow for even distribution of road revenue to keep highways modern.

The Administration, recognizing the problem it faced with Senator Byrd, offered an "economy" that it hoped would prove enticing--cutting the Federal-aid matching program back to the $575-million level it was before the Federal-Aid Highway Act of 1954. This would limit the Clay Committee's program to estimated revenue from the Federal gasoline tax. As the *Engineering News-Record* summarized the results, "There's no sign publicly that Sen. Harry Byrd, the chief economy man in Congress, has even bitten at this bait."

Senator Byrd was not alone in questioning the Clay financing concept, but he was the Administration bill's chief critic. He took the unusual step of appearing to testify before the Senate and House public works committees. He began his opening statement before the Senate Subcommittee on Public Roads, on March 18, 1955, with a bit of (somewhat inaccurate) personal history:

> Mr. Chairman, permit me to say at the opening of my remarks that I had spent a good portion of my life working for sound expansion of highways. In 1915 I went to the State senate of Virginia, where I served for 10 years. I became chairman of the Virginia Senate Road Committee. I was a patron of the bill in 1923 providing for the establishment of the first State highway system in Virginia, and introduced in 1923 a bill providing for a 3-cent gasoline tax, which was, at the time, the highest gasoline tax imposed by any State.
>
> As Governor of Virginia, one of my major efforts was to improve our road system. Virginia is a pay-as-you-go road State. Not a single road bond has been issued by the State since 1835.
>
> Virginia is one of the four States of the Union which constructs and maintains every public road in the State, thus relieving the localities of all road expense. This has been done from revenue derived from the gasoline tax and license tax . . . .
>
> I am fully conscious of the need for a greatly accelerated road program to meet the new conditions of travel. I am not before your committee today in a spirit of criticism of highway improvement, except to point out what to me appears to be the errors of the pending legislation. I am prepared to support sound measures to modernize our road systems.

Byrd listed the "eight principal reasons why I oppose this legislation." They were:

1. In my judgment, if Senate bill 1160 is enacted in its present form, it will destroy sound budgetary procedure and take the longest step yet taken toward concentrating power in the Federal Government.
2. It abolishes the State matching formula for the Interstate System which has existed since 1916. It turns over to the Federal Government control of 40,000 miles of our most important roads heretofore under the control of the 48 States.
3. It gives to certain States large windfall refunds for existing roads which will be refunded to the States on a basis that will result in great injustice as between them.
4. It is based upon the erroneous conclusion that the Interstate System as defined by this bill will meet the needs of traffic for a period of 32 years. It would dry up the gasoline tax for road improvement on this system from 1966 to 1987 in order to pay the bonds and the interest thereon. It apparently assumes that no new road development on the Interstate System will be necessary in this 22-year period.
5. It establishes a Government Corporation without income or assets and authorizes this Corporation to borrow $21 billion for 32 years without declaring it as a debt, and by legerdemain excludes this debt from the debt limitation as fixed by Congress. The interest will be $11.5 billion or 55 percent of the funds borrowed.

6. It provides for payment of principal and interest on these bonds with permanent indefinite appropriations, which removes the Corporation from annual appropriation control by Congress.
7. It gives the Corporation authority to draw from the Treasury at any time during the next 32 years additional amounts up to $5 billion outstanding at one time without going through any appropriation action by Congress.
8. It attempts to convert what was originally intended to be a temporary excise tax on gasoline for general revenue purposes into a permanent special tax, irrevocably dedicated to a single specified purpose.

Stating that the proposal "contemplates a dual set of books," he reminded the Committee that "we cannot avoid financial responsibility by legerdemain, nor can we evade debt by definition."

As for earmarking the gas tax revenue for the duration of the bonds outside the jurisdiction of congressional action, he said, "Mr. Chairman, I have never known of such a provision in any law since I have been in the Senate."

The authority of the corporation was also a problem. In cases of dispute between State and Federal authorities, "the Corporation will decide in the nature of a supreme court."

In addition, to his eight principal reasons, he was concerned about plans for right-of-way up to 255 feet and full control of access. To explain this concern, he returned to his early years as a road man:

> For example, we have the Valley Turnpike located in the Valley of Virginia. Many years ago, I was elected president of the Valley Turnpike Co. The road extended from Winchester to Staunton. That was a road built by General Crozet, an engineer who served under Napoleon Bonaparte. It was a toll road.
>
> The road was the only good road in that area for years and as a consequence all the business gravitated to the road. The width of it now is probably not in excess of 60 feet. If this bill is passed this road would be in the interstate system.
>
> Removal and relocation of much of this road between Winchester and Staunton-doing irreparable damage to the people who live along the road; the businesses, the motels, eating places, filling stations, and so forth, that have been constructed-probably would be required.

Senator Byrd also highlighted what he considered "one of the most iniquitous parts of this bill," namely the provision calling for credit for toll roads. For those completed to Interstate standards before December 31, 1951, he said, the State would receive credit for up to 40 percent of the original cost; for toll roads completed between that date and December 31, 1955, the credit would be up to 70 percent; while toll roads constructed after that date would receive up to 90 percent of the cost of construction. This 90-percent credit would encourage States to construct turnpikes because they would receive "a windfall by so doing" that could be used for other road construction outside the Interstate System. This payment would constitute a windfall to the States because they were not using State tax revenue for turnpike construction, which was financed by bonds:

> The law permits the State to decide whether to pay off the toll revenue bonds or to use the money on other highways without matching. I venture the assertion that in 100 percent of the cases the States will use the money on other roads. The State would be reimbursed for money it hasn't put up. It is getting a windfall.

This was doubly unfair because States that could anticipate sufficient traffic to retire bonds from toll revenue would get the windfall, while other States would not.

Similarly, he objected to refunds for toll-free freeways built by the States on the Interstate System. This was, he thought, "a just provision" if Federal-aid funds used to construct the freeways were deducted from the refund. The credit for toll and nontoll freeways was "especially indefensible" because no one knew how much funding would be left for Interstate construction:

> When it is considered that $21 billion is to be borrowed, interest will be $11.5 billion, and that there will be billions of dollars in refunds, as permitted under this legislation, we must conclude the actual funds to be expended on new construction on the Interstate System will be greatly diminished.

Nearing the conclusion of his opening statement, Senator Byrd said, "I want to express my support for a sound pay-as-you-go plan of road improvement." He explained how such a plan could be accomplished in three steps:

> 1. The 2-cent gasoline tax now being collected by the Federal Government be repealed, thus permitting the States to reimpose it.
> 2. Present Federal aid to primary, secondary, and urban road systems which, for many years has been integrated with State highway systems, be continued on the long standing matching basis. This amounts to $535 million a year.
> 3. The lubricating-oil tax now collected by the Federal Government be continued.
>
> Under such a plan States would retain as much control over their roads as they have had in the past; $11.5 billion interest would be saved for additional road construction; and road revenue would be evenly distributed over future years to keep highways modernized to meet changing conditions.

Senator Byrd would oppose the Clay Commission's financing proposal in other forums, including his testimony in the House. He was not alone. The bill was never seriously considered in either House.

After discarding the Clay plan, Congress and the lobbyists feverishly trying to influence it, could not agree on how to pay for the Interstate System. As Congress completed its work in 1955, it adjourned without completing work on a highway bill. The Senate had approved a bill introduced by Senator Gore that did not include a financing mechanism, but the House rejected all bills put up for a vote.

An Enduring Memorial

In 1956, the House approved a bill that provided for construction of the Interstate System and continuation of the Federal-aid highway program. The House Ways and Means Committee created a funding mechanism, the Highway Trust Fund, to finance the authorizations by crediting all revenue from Federal highway user taxes for use on the highway program.

The bill went to the Senate. After the Public Works Committee reported out the revised Title I, the highway bill, by a vote of 8 to 2 on May 16, the Finance Committee began work on Title II, the revenue package. Senator Byrd held 2 days of hearings on an expedited basis, May 17 and 18, but the bill that emerged from the Finance Committee made few changes in the tax structure and Highway Trust Fund concept in the revenue portion of the House bill.

One significant change, however, was made in response to a concern expressed by Secretary of the Treasury George Humphrey. As early as March, he had been in touch with Senator Byrd to express concern about the possibility that expenses from the Highway Trust Fund would exceed income. Experts projected that no deficit would occur within the first 5 or 6 years, but that expenses would exceed revenue from the 6th to the 16th year. At the close of the 16th year, revenue would equal construction expenditures. The House had dealt with the problem by authorizing the general Treasury to make up the difference with advances, to be reimbursed late in the program.

Testifying before the Finance Committee, Secretary Humphrey explained that he had made no tax recommendations to the House Ways and Means Committee. Tax increases are neither in accord with nor contrary to the Treasury's views. He endorsed the pay-as-you-go concept, but indicated that the present bill fell far short of that principle. He was still concerned about the deficit situation, especially since the Gore Bill proposed to add 2,500 miles of Interstate highways without providing for their funding. The Secretary recommended that the estimated expenditures from the allocations not exceed the estimated amounts in the Highway Trust Fund.

Here was an issue--debt!--that fully engaged Senator Byrd, who participated in a lengthy discussion with the Secretary on the issue. In response to this concern, Senator Byrd added what has become known as the Byrd Amendment. It provided that if the Secretary of the Treasury determines that the balance in the Highway Trust Fund will not be enough to meet required highway expenditures, the Secretary of Commerce is to reduce the apportionments to each of the States on a pro rata basis to eliminate the estimated deficiency. Senator Byrd made no attempt to raise revenue for the added 2,500 miles of Interstate highways.

The Finance Committee completed work on the Highway Revenue Act of 1956 on May 25. To permit the simultaneous and orderly consideration of all aspects of the highway program, the Public Works Committee combined the Federal-Aid Highway Act of 1956 (Title I) and the Highway Revenue Act of 1956 (Title II) into a single bill called the Federal-Aid Highway Act of 1956. It went to the Senate, which approved the new version.

When the House and Senate appointed members to a conference committee to resolve differences between the two versions of the bill, Senator Byrd was among those selected to resolve financing differences. Conferees from the Senate Finance Committee and the House Ways and Means Committee selected, combined, and modified provisions from Title II. They agreed on the following tax structure:

> Gasoline: Raised from 2 cents to 3 cents per gallon.
> Diesel fuel: Raised from 2 cents to 3 cents per gallon.
> Tires: Raised from 5 cents to 8 cents per pound.
> New Trucks, truck-trailers and buses: raised from 8 percent to 10 percent.
> Camelback (retread) rubber: New tax of 3 cents per pound.
> Highway use tax on heavy vehicles (over 26,000 pounds):
> New tax of $1.50 per 1,000 pounds of gross weight.

The taxes on gasoline, diesel fuel, and special motor fuels applied only when used in highway vehicles that are registered in the State for highway use (i.e., not farm vehicles). The tax increases on tires and tread rubber also applied only to the type used on highway vehicles.

The Senate, unlike the House, had not included an exemption for public transit vehicles. Appearing before the Finance Committee, Mr. George W. Anderson, Executive Vice President of the American Transit Association, had argued in support of the association's primary legislative objective during the 1955-1956 debates:

> The people I represent here are basically nonusers of the highways. Certainly, they do not use the contemplated system of interstate and defense highways, and, in fact, they use any Federal-aid highway only to a very limited extent.

The May 24 report of the Committee on Finance had rejected the exemption because the local transit systems "are likely to make substantial use of the highways." Given the large percentage of funding likely to be used in urban areas, the committee indicated that it "sees no particular reason for exempting local transit systems which does not as readily apply to any other hard-pressed businesses making use of the highways."

In conference, the Senate committee's conferees retracted their objection. The public transit exemption in the House bill was retained. During Senate discussion of the conference report on June 26, Senator Byrd submitted a statement indicating that, "The House Conferees refused to accept [the Senate amendment] and we were forced to recede . . . ."

The Conference, however, retained the Byrd Amendment, which was included in the Federal-Aid Highway Act of 1956 that President Eisenhower signed on June 29.

The Byrd Amendment because a problem almost immediately. In a Keynsian pump priming gesture to combat a recession, Congress increased the rate of Federal-aid expenditures in 1958 without increasing income. Although the Highway Trust Fund ran a deficit, Congress suspended the Byrd Amendment for 2 years. In 1959, Congress dealt with the deficit by temporarily adding a penny to the gas tax. The extra penny was made permanent in 1961, the only year in which the Byrd Amendment triggered reductions in Interstate construction apportionments. The Highway Trust Fund has operated in the black ever since.

The Surface Transportation Assistance Act of 1982 modified the Byrd Amendment. As revised, the amendment provides that unfunded authorizations (unpaid commitments in excess of amounts in the Highway Account of the Highway Trust Fund) at the end of the fiscal year in which the apportionment is to be made must be less than the revenues anticipated to be earned in the following 24-month period. If there will be a shortfall, all Highway Account funded program apportionments must be reduced proportionately during the fiscal year.[5]

The Byrd Amendment, in short, remains in effect today, a fitting memorial to the man who hated debt.

Senator Byrd Talks About Roads

The June 1957 issue of *Highway Highlights* published an interview with Senator Byrd. The unnamed reporter who conducted the interview described Byrd as:

> White suited, white haired, a rather small man with great energy, unquestioning confidence and authority, he is tradition-rooted, but not tradition-bound. It is typical of him that the orchards he began on the land of his forefathers are a great present day success.

The writer pointed out that roads ("laid on a solid 'pay as you go' foundation, of course") had been the foundation of Byrd's career. His campaigns for good roads helped him along the way to Governorship and the Senate. Driving to Washington over the years, he had seen a change:

> The hundred-mile road between Washington, D.C., and Richmond was so bad in those days, he recalls, that people often were stuck in the mud. Today, it is mostly divided highway and an easy two-and-a-half hour run.

Byrd said he took pride that every one of Virginia's 52,000 miles of improved public roads is paid for. He also was proud of his decision that Virginia should take over the county roads, one of only four states to do so:

> Costs are cut, he points out, because less equipment and labor are needed when all roads are managed, built and maintained by one agency, that is, the State Highway Department.

The reporter talked to Byrd about a key moment in 1955:

> The Gore bill, which would have expanded Federal-aid but had no financing provisions, was being deliberated on the Senate floor. Senator Martin (R., Pa.) offered an amendment which would have provided for the increased Federal-aid by bond issue.
>
> Senator Byrd went to work with the same vigor which must have characterized his Virginia Senate fight against the bond issue nearly 35 years before. Into this later, bigger contest, he carried the weight of his great experience and his tremendous prestige.
>
> "That amended failed to carry by a vote of 60 to 31," he commented in an exclusive *Highway Highlights* interview.
>
> "How do you happen to remember the exact vote when you have been active on so many issues," he was asked.
>
> "That was an important one," he commented crisply.

The following text contains excerpts from the interview:

Q. Although you opposed bond financing in 1955, I believe you did support the Federal-Aid Highway Act of 1956, did you not, Senator?

A. Yes, I did. That was a pay-as-you-go measure, providing financing by taxes. I made the motion in the Finance Committee to put this money into a separate fund.

Q. When did you first become convinced that such a program was necessary?

A. I had always favored repeal of the Federal gasoline taxes with the thought that this money should go to the states to use for roads as they saw fit. I finally reached the conclusion that this was not going to be done.

Q. You are known as the guardian of the budget, Senator. However, I assume that you do not favor cutting the road program?

A. There is no way that it could be done. The taxes levied by the Act are for the sole purpose of the highways. I do not see that there is justification for cutting the program, in any case.

Q. I believe Virginia is one of those states which, so far, has taken up only a small percentage of the Federal Interstate money to which it is entitled. Would you care to comment?

A. We will get it all eventually. The program gives us a little leeway. This will be a slow procedure. This right-of-way matter is a difficult one. I am not saying that it is wrong. But is should be done gradually with as little interference as possible to established communities and individuals.

Q. How do you feel about the adequacy of the program as set forth in the Federal-Aid Highway Act of 1956?

A. There are demands to extend it, of course. There always will be.

Q. Do you believe the Highway Trust Fund should be kept "sacred" for highway construction and for Bureau of Public Roads administrative expenses?

A. I certainly do. And I intend to fight to keep the Fund free from any encroachments.

Q. You have in mind particularly the so-called "raid" of the Highway Trust Fund attempted by the Department of Labor in its appropriations request this year, Senator?

A. Yes, I do. I oppose that and I expect it to be stricken from the Senate Bill before it ever reaches the floor.

Q. Senator, you, yourself, were a farm boy. Do you recall any times when you were kept away from school by muddy roads?

A. Well, in my case, I stayed in town during the school year. Also, in my part of Virginia there is lots of limestone and that was used for roads. But I know, of course, that there were many places where bad roads did keep young people from school. They wouldn't now, though. Not in Virginia.

Ex-Senator Byrd

Senator Byrd's final year in Congress would be 1965. His final battle was against the Voting Rights Bill of 1965. The Reverend Martin Luther King, Jr., had dramatized the issue by leading a march from Selma to Montgomery, Alabama, to protest exclusion of blacks from voting. President Johnson used the momentum to seek immediate passage of a bill that would require Federal intervention in States that used poll taxes, literacy tests, and other means to exclude black voters. Byrd considered the bill "vicious" and "iniquitous in effect and contemptible in design." In August, over his protests, the bill was enacted.

Heinemann summarized Byrd's situation:

> Not since the heady days of the New Deal had Harry Byrd been so out of step with the Congress and the country. And it was clear the senator no longer commanded the attention of his colleagues, in part because of his declining health, in part because he seemed like such a political dinosaur . . . . The knee was giving him constant pain, and he no longer had the vitality he had been so famous for; the twinkle had left his eyes, and he was dozing off in committee meetings.

Senator Gore said of Byrd in these final years that he was in "his dotage."

He retired on November 11, 1965. He spent much of 1966 in bed suffering from an inoperable brain tumor. He died on October 20, 1966, and was buried next to his wife, who had died on August 25, 1964.

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1. Hatch, Alden, *The Byrds of Virginia: An American Dynasty, 1670 to the Present*, Holt, Rinehart and Winston, 1969. [return to text]

2. Heinemann, Ronald L., *Harry Byrd of Virginia*, University Press of Virginia, 1996. [return to text]

3. Quoted in Jolley, Harley E., *The Blue Ridge Parkway*, University of Tennessee Press, 1969. [return to text]

4. See "The Man Who Loved Roads" at https://www.fhwa.dot.gov/publications/publicroads/02may/08.cfm [return to text]

5. Financing Federal-Aid Highways, Federal Highway Administration, August 1999. [return to text]