

Statement of General Lucius D. Clay Chairman, President's Advisory Committee on a National Highway Program

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March 11, 1955
Subcommittee on Public Roads
Committee on Public Works
United States Senate

The subcommittee met at 10:05 a.m., in room 412, Senator Office Building, Senator Albert Gore presiding:

Senator Gore: The committee will come to order.

The committee is pleased to have before it this morning Gen. Lucius D. Clay. General Clay, before your statement, I wish to take this opportunity to express my personal gratitude to you for the devoted and patriotic service you have rendered your country, not only in the military but as a citizen, and, in this particular instance, in giving of your time and your talents without compensation to make a study of 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. It does not mar our appreciation for your talents and your effort and your contribution; and the committee welcomes you and would be pleased now to hear whatever statement you desire or will be willing to submit to us.

STATEMENT OF GEN. LUCIUS D CLAY, CHAIRMAN, PRESIDENT'S ADVISORY COMMITTEE ON A NATIONAL HIGHWAY PROGRAM

General Clay. Thank you very much indeed, Mr. Chairman. Last September, the President asked me to head up a committee to study a National highway improvement program and to present to him our recommendations for such a program.

Our committee consisted, besides myself, of Mr. Sloan Colt of New York, financier and president of the Bankers' Trust Co.; Mr. Stephen D. Bechtel of San Francisco, who is the head of a large construction company, which is not identified with road construction; Mr. W. A. Roberts, president of Allis-Chalmers Manufacturing Co. of Milwaukee, Wisc.; and Mr. Dave Beck of the International Teamsters Union.

After we were organized, we held hearings at which we asked all interested parties to appear to present their views as to what could and should be done to develop a road system.

As a result of these hearings, Mr. Chairman, we became convinced, first, that our present highway system had not kept pace with the growth of the automobile in this country, and, secondly, that the immediate plans for construction would not only not keep pace with the present demands, but would be entirely inadequate for the anticipated growth of traffic if the present trend in that growth continues.

As a result, we came to the definite conclusion that an integrated program was essential. We believed that the Bureau of Public Roads had made the most comprehensive survey of highway needs in this country that had ever been undertaken in cooperation with all the State highway organizations; and it was from this study that we developed the basic facts which lead to our conclusions.

This study was based on, first, designing for the first time a highway system of national importance, which would meet the needs of traffic an estimated 20 years from now, instead of today; and, second, how much would it cost to provide that system within the next 10 years.

The total cost of that system was staggering. It represented approximately \$101 billion. Under the normal Federal-aid program plus the work that is done on their own by States and local representatives, it appeared quite likely that some \$47 billion-

Senator Martin. Mr. Chairman, do you want General Clay to go through this statement, or shall we ask questions as he goes on?

Senator Gore. I would let General Clay be the judge. I think he might like to make a general statement, since he is speaking without notes, and then have the questions.

(Thereupon, there was a brief discussion off the record.)

Senator Gore. Please proceed, General.

General Clay. Of this total of \$101 billion under present planning, it would appear that \$47 billion of this work would be done within the next 10 years.

This would leave a deficit of \$54 billion to provide a highway system deemed by engineers to be capable of meeting the demands of traffic at the time the system was completed.

We looked at this program very carefully to determine what the degree of Federal interest should be, because this \$101 billion includes city streets of all types and kinds and many roads which are not now included in any Federal programs.

We came up from that study with these conclusions: (1) That the present Federal program under which you have had your primary and secondary roads should be continued at the present level, which level is the highest ever reached in the history of our Government. (2) The present Federal aid to the smaller urban centers not on the Interstate System should be continued, and (3), the present Federal aid for the forest highways should be continued.

We then reached the further conclusion that the most important national system was the so-called Interstate System which Congress had authorized to be built in 1944 to connect all of our principal cities throughout the country.

The completion of this system would cost approximately \$23 billion. This system comprises some 37,600 miles of a 40,000-mile authorization for the total Interstate System. This system carries approximately one-seventh of all our traffic; serves 65 percent of our urban population; and 55 percent of our rural population.

To make that system fully effective, it requires better connections with our more important and larger concentrations of population. To provide these arterial connections, we estimated an additional cost of \$4 billion, making the total cost of this system \$27 billion.

We believe that the States and local communities should continue to provide the same amount of money that they provide under the present act of Congress, which would be about \$2 billion, leaving approximately \$25 billion to be borne by the Federal Government over a 10-year period.

This would give us for the first time a national network constructed to modern standards, designed to meet the traffic of 1975, to be completed in 1965, and to be constructed with a minimum life of 30 years.

In addition, this system would be, in the areas where traffic demands it, a fully controlled-access system to provide maximum utilization with minimum loss of life and injury. It would provide rights-of-way to permit limited access to be

applied throughout the full length if and when traffic conditions permit, recognizing fully that in some areas traffic conditions do not warrant fully controlled access at this time.

Our next problem was what we would recommend as to how the money could be raised to support such a program. It was our view that deficit financing was not the approach, that since this was a capital investment, and since there was a highway users' tax, we would take a look at it to see if the highway users' tax could be used to pay for this capital investment; and we found that by projecting the income from gasoline and diesel oil over a 30-year period, it would meet the present expenditures of the Federal Government for Federal primary, aid-to-forest highways, aid to smaller urban areas, and the Federal secondary system, and at the same time would provide for a bond issue and servicing this bond issue to provide the \$25 billion over the 10-year period, with the bonds being retired over a 30-year period.

We base this on estimates of revenue roughly increasing by 3 percent a year, which is in fact about 1 percent less than the same estimates that were used by the Treasury Department in computing the revenues from these sources; and if our figures stand up, at 3 percent a year increase, we could do all these expenditures and still be able to issue and service these bonds.

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 by those who would use these roads and highways.

In looking at this fund, and as to our compelling reasons, I think they were really fourfold. 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 and were originally laid out and were authorized to be laid out by the Congress to meet national-defense needs and requirements.

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. They provide a system for the carrying of interstate traffic and to service an industry, which has become the very largest industry in our country, which directly or indirectly gives employment to one-seventh of our population, and an industry which must be maintained at a high rate of progress if our national economy is to stay at a high rate of progress.

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.

One has only to visit our factories to know that our workers go to work in automobiles from long distances in many cases. We see our children going to school either in school buses or being transported in the automobiles of their parents.

You only have to go down the improved highways, and see the shopping centers that have developed to know how the housewife is using them for shopping; and I think that you only have to visit in parks and national recreation areas to know that the automobile has become an integral part of the recreational life of each and every American family.

For that reason, I believe that this system is justified as a Federal expenditure. We recommended definitely that the Government underwrite the completion of the Interstate System so that it could be completed within a 10-year period with arterial connections to our important urban centers, while carrying on all of the other aspects of road work which has been a part of the national program in the past.

We believed it would be a great contribution-safety of travel, to the effectiveness of travel on our highways, and to our total national economy-and that it is a capital investment justified by the returns which it would bring to the American people, not just in the savings and operating costs, which are estimated in themselves sufficient to pay the entire costs; not just in the savings in human lives and injuries, and we know that properly designed roads reduce the

accident factor to one-fourth of what it is on improperly designed roads, but also recognizing and giving full appreciation to the part that the automobile plays in the daily life of almost every American citizen.

We have complete confidence in the ability of the market to absorb these bonds at a slightly greater interest rate than that of general revenue bonds. We have complete confidence in the Treasury Department being able to market these bonds without interfering in any way with the marketing of Government securities.

For this reason, we submitted our recommendations to the President, and he in turn sent them to the 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. He did not commit himself as to that being the only way of financing.

I think that that would conclude the statement I would like to make at this time, Mr. Chairman. I would much rather be available for questions and attempt to answer any that you may have.
