

# THE FEDERAL GOVERNMENT'S ROLE IN THE HIGHWAY PROGRAM

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## INTRODUCTION

This paper is concerned with the Federal Government's participation in the highway building program, requiring it to spend substantial sums of money on highway construction over an extended period of time. Two major points are dealt with. First, attention is directed to certain basic considerations which make this Federal expenditure policy not merely desirable, but extremely necessary. Second, the highway program, viewed as a national problem, is related in character and significance to other national problems in a way that might help to resolve conflicts.

The above two points have been selected for attention because of the present status of the highway program. The program has been set in motion, but as yet not much work has been done. Because of this it is felt that nothing new and meaningful can be provided by delving into the details of the program itself. Rather, it is felt that until results of the program begin to show up on a substantial scale, there is need to continue to focus attention on the basic gains to be achieved by the program, and on the complexities which might interfere with or delay its progress.

## WHY MUST THE FEDERAL GOVERNMENT BE INVOLVED IN THE HIGHWAY PROGRAM

It was inevitable that the Federal Government become involved in the highway program in an important way. The Federal Government has now, and it always has had an important role to play in solving major national problems. The highway program is, indeed, a response to a major national problem.

Federal, State, and local governments face and deal with a wide variety of problems in the day-to-day management of their affairs. Some of these problems are large, and some are small. Some are short-run and some are long-run problems. How then, is it possible to recognize and give proper attention to major problems of national scope?

The answer to this question seems to hinge upon the long-run implications that the problem holds for the Nation as a whole, particularly if the problem should remain unsolved for some length of time. That is, major national problems are those that pose as a threat to, or bear importantly upon the Nation's present and future security, and upon the status of key social, political, and economic structures and processes. These latter include, for example, natural resources, such as fertile soils and mineral fuels. They include primary industries, such

as agriculture, forestry, mining. They include also the skills and learning of the people. The transportation network, which we are concerned with here, is certainly one of these key national economic structures and processes.

The Nation's transportation network includes, of course, several different transportation systems. In addition to highways, there are the railways, airways, inland and coastal waterways, pipelines, and electric power transmission systems. While all of these systems are important to the Nation's continued economic growth, a major problem of national scope currently exists, however, only for the highway system.

The problem which pertains to highways and not to the other transportation systems, or in fact to other key economic structures, is this: the structures and operating processes of the present highway system are grossly inadequate for our national needs, in most parts of the United States. It is widely recognized that the problem is not just one of catching up with road maintenance, or of catching up with road-building. It is one of replacing an obsolete inadequate highway system with a modern adequate one. This would be a major problem for any nation to face. It is a particularly critical problem for the United States, because of the country's very great geographical size, and because of the extent to which its productive and distribution processes have grown to depend upon motor-vehicle transportation.

The need for better highways is perhaps most vividly felt in a personal way by many Americans, in the regular routine of their own and their family's lives. Their standard of living has permitted the adoption of a degree of mobility unmatched elsewhere in the world. Much of this mobility is dependent upon privately owned motor vehicles, and the use of public streets and highways. There are the daily flow patterns generated largely by the home-to-work-to-home movements. A considerable amount of movement within and around the city is generated by the varied shopping and social needs of the family. Also there are the intercity flow patterns generated by week-end and vacation traveling. Lack of good highways both within and between cities poses a threat to the full utilization of all of the advantages which greater mobility offers.

That Americans seek this type of mobility, and the freedoms associated with it, is borne out by a number of related trends such as suburbanization, increased multiple ownership of passenger cars, rising gasoline consumption, and the appearance of many types of drive-in business services. The distribution industries which link together producers and consumers have undergone, and are still undergoing, drastic changes in character as a result of these trends. American people have tasted and consumed large quantities of freedom of mobility, and they have decided that they want even more of it. To have more of it, better highways must be built.

The Highway Revenue Act of 1956 is in itself ample testimony that the people of the United States have come to realize that a job must be done on the highway system. Although building and maintaining highways are not usually thought of as temporary types of jobs, in this particular case the job is, in a sense, a "one-shot" proposition. It is a big one-shot job, of course, but the dimensions are limited. The highway building program can be started, and it can be finished, per-

haps never having to be done again. In the historical record of the United States there have been other big one-shot jobs, such as the canal-building program of the early part of the 19th century, and the railway-building program of the latter part of the 19th century. Any job of huge proportions is more likely to be promoted successfully when its magnitude is judged both in terms of its current importance and in terms of historical perspective.

#### WHY IS SATISFACTORY PROGRESS ON THE HIGHWAY PROGRAM A NECESSITY?

Building a new and better highway network is not just a matter of pleasure, speed, and safety. The Federal Government's highway expenditure program is necessary, in fact, to assure continued national economic development, in the form of increased total production and increased per capita productivity.

A new system of major highways will contribute to increased total production, and increased per capita productivity, simply by reducing the costs (inputs) required to obtain a given quantity of space utility (outputs). The movement of materials and goods is as much a part of the total productive process as is the transforming of shapes and forms and the conveying of materials from machine to machine within the factory building. Thus, better highways will contribute to increased total production and increased per worker productivity. It is simply the process of getting more for less by doing it a better way.

#### WHY MUST THE FEDERAL GOVERNMENT'S ROLE IN HIGHWAYS BE SO LARGE?

Streets, roads, and highways are legitimately the responsibility of local governmental agencies. It would not have been necessary for the Federal Government to participate in highway building to such a large extent if local highway agencies had been able to eliminate highway obsolescence on their own. However, the problem has become too huge to be handled entirely at the local level. Nevertheless the role of local agencies is still an extremely important one. The actual planning, deciding, and carrying out of building programs is still the recognized responsibility of the local agencies. Operationally the Federal Government's role is mainly one of financial support, site approval, and control of standards. However, fundamentally the Federal Government's role extends beyond, to the more basic task of coordinating and giving direction to effort. It is thus imperative that the cooperative basis of the relationship between Federal and State agencies continues to work.

Uniform national standards in highway quality require the participation of the Federal Government. It is well known that when road supervision is maintained completely at lower government levels, road conditions can change sharply at township, county, and State lines.

In addition, an adequate highway network is necessary for national security, which is itself the responsibility of the Federal Government. National security includes both the needs of civil defense and of military organizations.

### HOW IS THE HIGHWAY PROBLEM RELATED TO OTHER FEDERAL GOVERNMENT PROBLEMS?

It is important to treat the overall highway problem, and other related and connected problems so that the order of their importance is taken into account. Otherwise it is possible that conflicts with lower order problems might delay or interfere with highway building progress.

For example, there are no doubt instances where civil defense requirements conflict with economical transportation needs. If a compromise cannot be reached without delay, the nondefense role of highways should take precedence for the time being, even though the role of highways in civil defense plans is an important one. Even problems pertaining to how to finance the highway program are of a lower order than the problem of should there be a highway program. Conflicts should be resolved, always with the ordering of the related problems in mind. The highest level of need is that of efficient economical motor vehicle transportation.

It is highly probable that the actual financing of the program will raise new problems. There appears to be agreement that capitalization costs (interest), and operating and administrative costs should be borne, so far as is practical, by benefiting groups and individuals. Of course, this is not a simple principle to apply, because of the inevitable controversy which has arisen concerning who benefits, and by how much. This paper does not deal with the details of how this principle might be applied. So long as those who benefit can be identified, a fair system of use-taxation can be worked out. It is important that costs and benefits be examined and judged in the broadest sense, going beyond the confines of traditional economic analysis. The special highway cost allocation study provided for by the 1956 Highway Act should certainly throw light upon the crucial pertinent issues. Thus all claims concerning inequities should be given full and fair consideration, but they should not be permitted to stall or delay the program.

Inflation has loomed up as a challenge to the success of the highway program. The sums of money designated for the program are beginning to appear inadequate because of rising costs. Inflation should not be permitted to water down the rate of highway building, however. Cost estimates should be revised upward to allow for the changing value of the dollar. Highway building plans need to be judged continuously in terms of aggregate national output in physical terms, as well as in dollar terms. The Nation needs to apply  $X$  percent of its aggregate productive effort to the highway program, whether or not there is inflation.

The problem of how to plan the financing of the program from year to year so as to minimize any unfavorable effects on short-term economic conditions is by no means of small import. At each stage of planning allowance should be made for the economic conditions currently at hand. Thus the highway financing procedures should, so far as is practical, be consistent with wise fiscal policy.

That is, although taxing procedures should probably not be changed because of short run fiscal needs, the rate of spending might be speeded up if it is needed to counteract declining business activity. However,

the highway program is of sufficient importance that the reverse policy (i. e., a slowdown) should not be permitted.

#### A MORE ELABORATE PERIODIC REPORTING OF PROGRESS IS NEEDED

Because of the exceptional importance of the highway building program for the Nation's future growth and stability, it is here proposed that there is a very real need for a more elaborate reporting of highway building progress on a periodic basis. The Bureau of Public Roads might well consider what materials are readily available, and what additional information need be gathered in order that official summaries of progress in considerable detail be issued monthly, bi-monthly, or perhaps only quarterly.

The purpose of such a highway program progress report would be initially to keep enthusiasm alive especially during the early years of the program when costs are high, but visible results are scarce. Furthermore, an official comprehensive compilation of data would tend to stimulate local area comparison of achievements (i. e., State by State). These reports could also be used to spotlight special problems that arise as the program proceeds.

The reports could include, for example, current and to-date measures of aggregate national progress, such as mileage constructed (by types), and money contracted and spent. Also, current and to-date measures of progress might be provided by local areas, States, and, if possible, metropolitan areas. To permit meaningful comparison, local progress might be expressed as a percent of the local program goal. Simple charts and maps could aid in dramatizing the step-by-step stages of the program's progress.

#### SUMMARY

This paper deals with basic considerations which underlie the need for the Federal Government to participate on a large scale in the Nation's highway program. Highways are a key element of the economy, and the highway system has been permitted to become obsolete. The economy is only as strong as its weakest link; consequently, a highway replacement program is a necessity for long-run national growth and survival. It is necessary for the Federal Government to participate in this program in a major way to assure success. The program is of sufficient importance that treatment of related problems, and conflicts should include consideration of orders of significance, so that delays can be avoided as much as possible. In order to focus greater attention upon the program and its progress, it is proposed that special highway program periodic progress reports be prepared and published.