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Center for
Transportation

ROBERT MOSES
One Gracie Square
New York 28, N. Y.

May 4, 1954

Hon. Sherman Adams
Assistant to the President
The White House
Washington 25, D. C.

Dear Governor:

Attached is a rough draft of a bill to establish the continental arterial program discussed in a general way in your office on April 21.

We agree on the legislative finding, purpose and policy, and interpret in much the same way the proposals as to financing expressed by the gentlemen at your conference. Our impression was that you had in mind federal underwriting and support of the credit of authorities and similar agencies, capitalizing interstate highway appropriations and subsidizing partially self-liquidating toll projects as the main stimulants to make available the total of approximately fifteen billion dollars required for this program.

We doubt whether any definitive, carefully worded act satisfactory to Congress can be drafted at this time. On the other hand, we believe that with Presidential sponsorship an agreement on objectives and machinery might be reached promptly, to be followed by submission of a more detailed plan and further legislation later in the year by the new Corporation. If general approval of the principles, organization, and ways and means can be obtained at this time, without too much emphasis on as yet unexplained details, the way will be paved for action in 1955.

If we can be of further service, please command us.

Sincerely,

/s/

B. D. Tallamy

/s/

Robert Moses

*B B Comments on Moses -
Following Dept*

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CONTINENTAL TOLL HIGHWAYS PROPOSAL

Cent Proposal - The Government would establish a corporation to carry out a \$15-billion program to build continental toll highways. Financing techniques would include (1) guarantee of State and local bonds, (2) direct Federal loans to State and local governments, and (3) subsidy to partially self-liquidating projects. State and local bonds guaranteed by the Federal Government would continue to be exempted from Federal taxes. The corporation would propose eligible toll highways and appropriate financing plans, to be transmitted to the President and the Congress by February 1, 1955.

This proposal has many possibilities and warrants serious study and consideration.

Interested agencies - Outside the Executive Office, Commerce and Treasury have the major interest with Defense also interested. (The Highway Act directs Commerce to make a special study of highway financing, including toll roads, and report to Congress by February 1, 1955.) Also, the Commission on Intergovernmental Relations is studying Federal-State highway relations. Finally, governors, the mayors, the State highway commissioners, and the Council of State Governments would have a major interest.

Some major issues

1. Toll roads have proved economically feasible on relatively short, high traffic-density stretches. Because of varying traffic potentials, the economic feasibility of a continental toll system is a major question.
2. The budgetary impact could be counted in the billions.
3. The proposed financing techniques would have to be squared with existing policies on Federal lending activities. Also, retention of Federal tax exemption for State and local bonds, though guaranteed by the Government is a major tax policy question.
4. The proposal may be a valuable antirecession device but must be related to other antirecession programs.
5. The proposal may accomplish a radical change in Federal-State highway relationships and result in the Government dominating the highway construction field. Also, the effect of the proposal on the existing Federal highway grant programs must be evaluated.

Immediate action questions

1. What Federal agency should take the lead, and what agencies should participate? What deadline?
2. When and how should State and local interests be consulted?
3. How should the study be related to the work of the Commission on Intergovernmental Relations?

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83rd Congress
2d Session

Center for
Transportation

H. R. _____
In the House of Representatives

_____ 1954

Mr. _____ introduced the following bill; which was referred to
the Committee on _____

A BILL

To create a body corporate to be known as Continental Highway Finance Corporation to supplement the ordinary activities of the Bureau of Public Roads, to prepare and report to the President and Congress a program to expedite the location and construction of a system of major connecting transcontinental vehicular express arteries, the extension and coordination of existing toll and other interregional, metropolitan and urban highways, turnpikes, expressways and parkways, to facilitate travel, promote commerce, stimulate employment, improve and adapt the national road system to military defense and industrial and residential expansion and to pledge the credit of the United States in support of the program, and for other related purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDING, PURPOSE AND POLICY

Section 1. The Congress hereby finds and declares:

(a) The United States lacks a comprehensive transcontinental arterial road system. The early construction of such a transcontinental north and south and east and west major vehicular arterial system is possible only if there is central national planning, support and coordination;

(b) The national government through ordinary highway aid encourages such a continental system but present authorizations and appropriations are incapable of bringing about its completion within a reasonable time;

(c) To hasten this program, states and cities have established toll routes financed by revenue bonds with or without an authorized pledge of public credit, but these routes do not cover all of the ground, have been only partially effective and do not constitute a substitute for a complete continental network;

(d) The present and anticipated output of cars of all types far exceeds the capacity of roads. At the present rate of highway construction, this gap will widen further and further, and will result in intolerable vehicular congestion, serious dislocations in the automotive and other industries and business and unemployment. While the program should aim at the speedy completion of the continental system, it should be sufficiently flexible to meet current economic conditions, to encourage but not unduly stimulate employment where it is needed and production of the equipment and materials, and to insure competitive bidding;

(e) It has been conservatively estimated that fifteen billion dollars will be required at present prices to complete needed national transcontinental routes out of an estimated grand total of fifty billion dollars to establish a safe, modern and adequate state and local highway system;

(f) For purposes of military movements and defense, evacuation of population, strategic dispersion of industries, growth of undeveloped areas, easy travel, improved communication and promotion of interregional understanding, a planned, integrated comprehensive national highway system is indispensable;

(g) The Federal Government should aid in expediting the immediate construction of these transcontinental routes over and above ordinary conventional

highway aid through additional financing so as to provide a total of approximately fifteen billion dollars for this purpose. The plan should stimulate private enterprise and increase property values;

(h) The national government should advance credit, capitalize interstate highway appropriations and subsidize partially self-liquidating toll roads in order to reduce costs of financing of interregional, state and major municipal toll facilities comprising a part of the continental system, to coordinate, interconnect, unify and piece out toll and other major roads constituting parts of the continental system, to make toll charges as far as possible uniform, to reduce tolls gradually, to establish through rates, to eliminate barriers to uninterrupted travel, and otherwise to eliminate heterogeneous, conflicting and other local obstacles in the way of a single established, official national network of highways. The program to the largest extent practical should aim at the effective coordination of transcontinental vehicular transportation with rail, air and water.

CONTINENTAL HIGHWAY FINANCE CORPORATION

Sec. 2. There is hereby created a body corporate to be known as Continental Highway Finance Corporation (herein called the Corporation) which shall be an agency and instrumentality of the United States and the management of which shall be vested in a board of directors consisting of

The Secretary of the Treasury

The Secretary of Defense

The Secretary of Commerce

The Secretary of the Treasury shall be the chairman. Each of the directors may designate an Under or Assistant Secretary to act in his place. The Commissioner of the Bureau of Public Roads shall be the executive officer of

the Corporation. The board of directors shall select, employ and fix the compensation of such other officers, employees, attorneys and agents as may be necessary for the conduct of the business of the Corporation. The principal office of the Corporation shall be in the District of Columbia, but it may establish agencies or branch offices in such places as it may deem necessary.

Sec. 3. The powers and duties of the Corporation shall be

(a) To prepare maps of eligible continental toll highways, which shall be selected from those included in the interstate system, after consultation with state and other highway officials and members of existing public toll bridge, tunnel, road, and related authorities;

(b) To encourage the use of ordinary highway aid for the planning and construction of spurs, approaches, connections and corridors which will facilitate entrance to and exit from the transcontinental system, particularly at focal points which constitute the origin and destination of heavy traffic;

(c) To designate and formulate plans, and ways and means of financing and expediting the construction of the uncompleted sections of the continental system of highways;

(d) To prepare a plan for the pledging of the credit of the United States on prudent terms in support of eligible interregional, state and municipal toll projects constituting part of the maps described in this section. Such plan may provide for capitalizing interstate highway funds, subsidizing partially self-liquidating projects, and the extension of federal credit in whole or in part to state and local authorities and agencies. It may involve refinancing at lower interest rates, pledges of future revenue by existing authorities and agencies to protect the federal government after their present debts are retired and any other proper and prudent devices by which federal credit will be effec-

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tive in achieving the objectives set forth in this Act. Such extension of federal credit, guarantees, refinancing and pledges shall not operate to terminate the existing exemption of the holders of revenue bonds of these local authorities and agencies from federal income taxes.

(e) To report to the President and Congress not later than February 1, 1955 a program to make effective the provisions of this section, and on necessary amendments of this Act to carry out the intent expressed in Section 1 hereof.

Sec. 4. The Corporation may accept and utilize, on a compensated or uncompensated basis, the officers, employees, services and facilities of any agency of the Federal Government or of any state or political subdivision thereof to facilitate the objectives of this Act.

Sec. 5. The Corporation is authorized to utilize out of study funds currently available under the Federal Aid appropriations so much as may be needed for organization, operating and administrative expenses of the Corporation and the planning, preparation, and printing of the program provided in this Act.