

Eisenhower and Transportation Infrastructure

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••••• The
Eisenhower
Strategy

Organize

Prioritize

Study

Act

Ontario, Canada



St. Lawrence Seaway



Discussed since 1890s, seriously studied since Wilson Administration.

Why the Seaway Remained Unbuilt by 1953

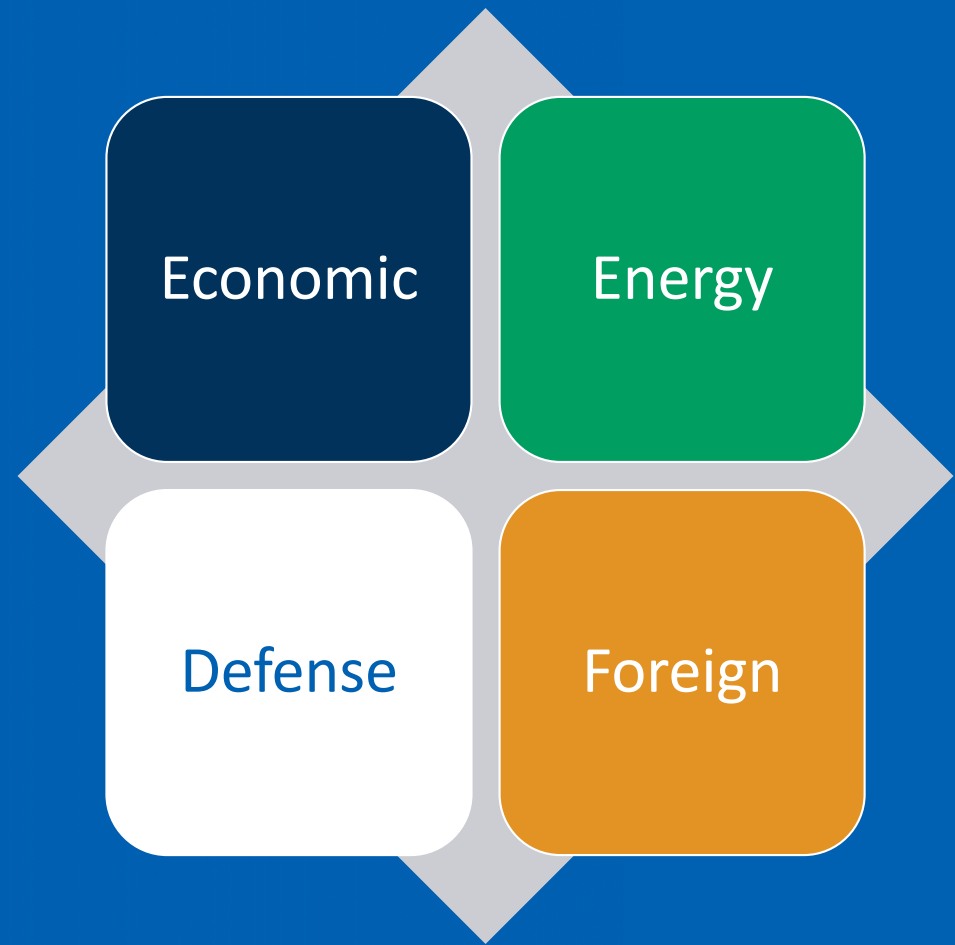



Cost - bipartisan skepticism of expensive regional public works



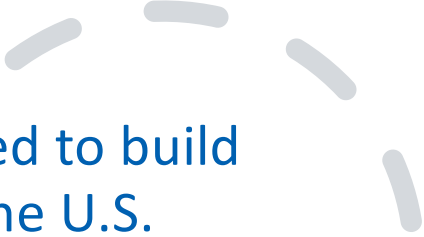
Competition – without a Seaway, the way to/from industrial Midwest was via East/Gulf ports and railroads, who did not want taxpayer-funded competition

The Seaway Cut Across Federal Policy Areas





Why Was the Seaway So Urgent in 1953?

- 
- Dec. 1951 – Canada voted to build it themselves, without the U.S.
 - If Canada built the Seaway themselves, they could charge tolls to U.S. vessels but not others
 - Canada could deny access to U.S. ships in time of war if Canada was not taking part in the conflict

Early 1953 – Eisenhower Takes Initial Action

- Orders quick study of Cabinet views (right)
- March 27 – Cabinet meeting supports U.S. participation in Seaway
- March 30 – GOP Congressional leaders convince Eisenhower to slow down
- April 23 – After Senate hearings demonstrate need for the project, Eisenhower publicly endorses
- Seaway bill did not move before Congress adjourned for the year August 3

O.F.
155-N/A
THE WHITE HOUSE
WASHINGTON
11 March 1953

St. Lawrence #

State: supports saying it has consistently urged *U.S. participation.*

Defense: strongly supports on defense grounds

Justice: no direct interest but feels Wiley bill is deserving of support by Administration

Commerce: strongly favorable staff report now before the Secretary, whose official position is not known. (He opposed at earlier time.)

Treasury: Secretary feels he must disqualify himself because of earlier strong support. Departmental report will limit itself to criticism of technical deficiencies in Wiley bill.

Interior: favorable report being written.

Power Commission: in all probability will favor Commission has not voted this year yet.

Agriculture: not requested for report this year. If asked would repeat favorable report of 2 years ago.

Budget: has supported consistently for many years. Has rewritten Wiley bill to remove technical and organizational deficiencies.

1954— Eisenhower Gets It Done

- Urges prompt action in State of the Union
- Works with new Senate Majority Leader to make the Seaway bill the first bill of the session, Jan. 12
- Jan. 20 – Passed Senate, 51-33 (25R, 25D, 1Ind. in favor, 15R, 18D opposed)
- Fierce railroad/port opposition in House
- May 6 – Passed House, 241 to 158 (134R, 96D, 1Ind. in favor, 64R, 94D opposed)
- May 13 – Seaway bill signed into law
- June 1959 – Seaway opened and dedicated





Eisenhower's 1919 Highway Convoy

The 1919 Army truck convoy in which Lt. Col. Eisenhower was an observer took 62 days over mostly unimproved dirt roads to travel 3,251 miles from Washington, DC to San Francisco.

National Highway System

Feb. 4, 1953 – Eisenhower orders his staff to study the highway plan and come up with other ideas, saying:

“I am personally convinced that, in a number of fields, this Administration will have to come forward, at a reasonably early date, with a constructive program that will be designed to meet, in a well-rounded and imaginative way, the constantly increasing needs of a growing population. Our cities still conform too rigidly to the patterns, customs, and practices of fifty years ago. Each year we add hundreds of thousands of new automobiles to our vehicular population, but our road systems do not keep pace with the need.”

“Too Many Cooks
in the Kitchen” –
Conflicting
Studies and Plans

Commerce Department

Bureau of Public Roads

Sherman Adams/Robert Moses

Council of Economic
Advisers/Walter Buckner

Kestnbaum Commission

Ike Shakes Things Up – “\$50 Billion Plan”

- July 1954 – Eisenhower writes a speech to deliver at the Governors Conference (delivered by Nixon).
- Calls for “\$5 billion per year for ten years, in addition to all current, normal expenditures...when we have spent \$50 billion in the next ten years, we shall only have made a good start on the highways the country will need”
- “\$50 Billion Plan” makes front page headlines around the nation.

**EISENHOWER BIDS
STATES JOIN U. S.
IN VAST ROAD PLAN**

**Atom Defense and Population
Rise to 200 Million by '70
Are Stressed as Factors**

50 BILLION ONLY A 'START'



Small Problem – There Was No Plan

Eisenhower at his regular press conference two days later: “I have no definite plan, although we have been studying it for a year with people from the outside because, of all people, we must have the Governors and legislatures with us.”

August 1954: Two New Study Committees

Outside

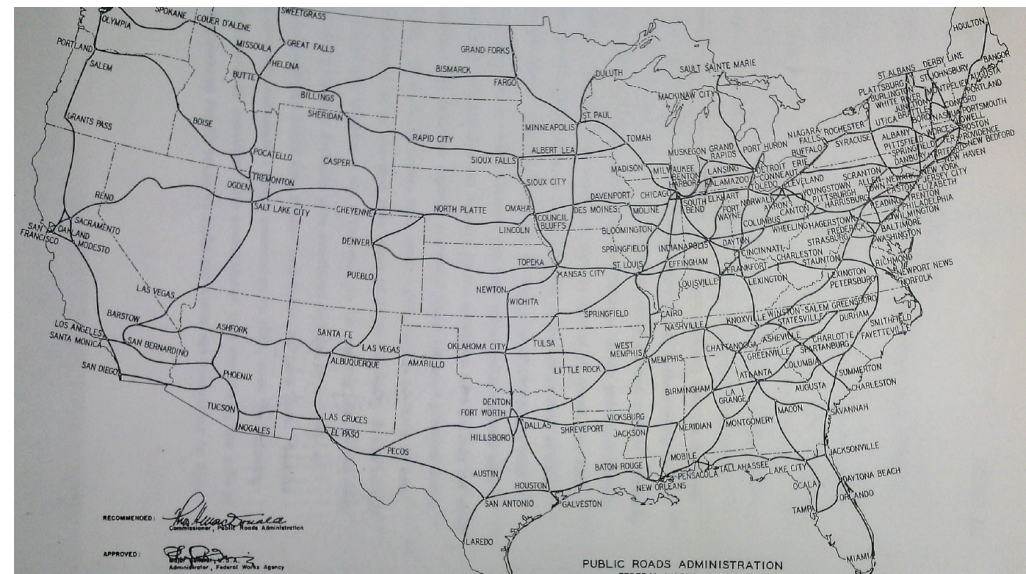
- Roger Kyes (GM) turns down job
- Gen. Lucius Clay, 4 other respected men outside govt.

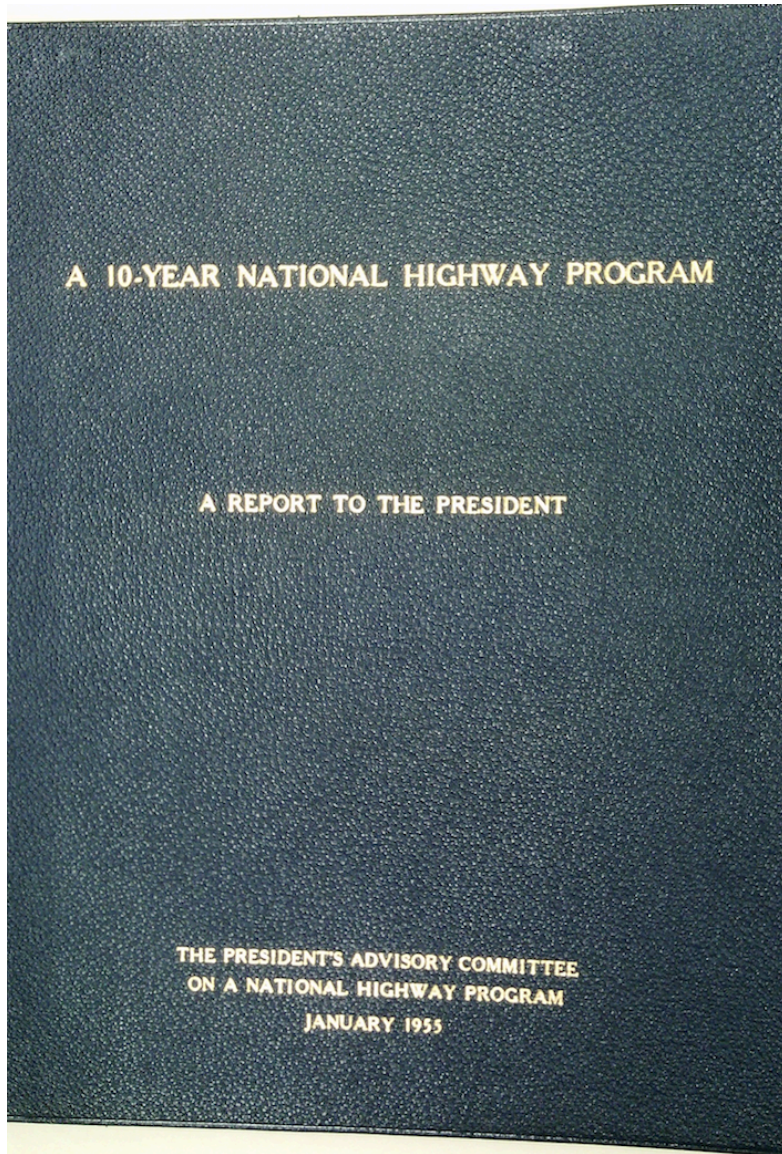
Inside

- Inter-Agency Committee, chaired by Commerce Secretary
- Wound up not having much to do (not consulted by Clay)

Clay Committee Deliberates

- Rejects federal toll roads
- Instead of selecting its own routes, uses the 37,700-mile 1947 Interstate map negotiated by states & BPR as focus of federal role
- Accepts BPR 1955 highway needs cost estimate





January 1955 – Clay Committee Reports

- Create “Federal Highway Corporation” to issue \$20 billion in bonds outside federal debt limit plus \$5 billion in appropriations to pay for 93 percent of Interstate construction over 10 years
- Bonds repaid by annual federal appropriations
- Regular federal program to continue at a federal share below current 50 percent

Democrats took control of Congress in 1954 elections

Senate Finance chair Byrd had “almost pathological fear of debt”

Senate Public Works (Gore) bill only had 5 years of Interstate funding (\$7.75 billion)

Senate kills Clay plan, 31-60, passes Gore bill (5 years, no bonds, no new taxes) by voice

Bad Lineup in the Senate...

...Then the House Kills the Bill

Speaker lets Public Works Committee write its own taxes

Tax increases: 1¢ gasoline, 2.5¢ diesel, new taxes on truck/trailer sales

\$24 billion for Interstates over 13 years, all taxes in general fund

House votes down Clay plan, 193-221, then defeats Public Works bill, 123-292

Fall 1955 – White House Regroups

- In Eisenhower's absence (heart attack), the Cabinet comes up with a new plan, approved by Eisenhower in Dec. 1955
- No Corporation, no bonds, \$25 billion for Interstates at 90-10 share over 12 years, paid for by increased gasoline, diesel, tire, trucking excises
- Pay-as-you-build basis
- Continue existing federal-aid highway program at current levels and 50-50 share

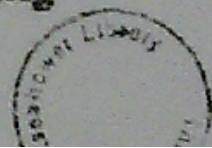
REVISED HIGHWAY PROGRAM:

1. 40,000 mile Interstate System to be completed in 12 years to standards adequate for at least the next 20 years. Authorization to be coupled with adequate revenue measures to complete the system on schedule on a project basis.
2. Federal cost of Interstate System \$25 billion, 10 percent state matching. Apportioned among the several states on the basis of needs of the System in each state.
3. Federal cost of aid for 12 years to other federal-aid road systems totals \$9.8 billion, commencing at \$725 million for fiscal 1957 and increased annually by a cumulative increment of \$25 million. 50-50 state matching. Apportioned to states on traditional formula. Enacted biennially.
4. Total Federal cost, all programs, 12 years - \$34.8 billion. Total estimated revenues in 12 year period from taxes described in item 5 below - \$34.2 billion.
5. Financed on a pay-as-constructed basis in 12 year period by the following revenues: existing 2 cent federal gasoline tax and existing 2 cent diesel tax plus revenues from the following new taxes: gasoline, 1 1/2 cents per gallon; diesel, 5 cents per gallon; all tires, 2 cents per pound; large tires, 3 cents additional per pound; tubes, 2 cents per pound; camelback (retreading material) 8 cents per pound; parts and accessories, 2 per cent of value; trucks, buses and trailers, 2 per cent of value.
6. These figures are based on exempting farm and other non-highway use from the new gasoline and diesel taxes.
7. No Federal toll road construction or reimbursement feature. Existing adequate toll roads lying on the Interstate System, estimated at 2,500 miles built or now under construction and an additional 3,300 miles authorized, may be designated as part of the system but state ownership and operation and collection of tolls will not be disturbed. States having such toll roads nevertheless have substantial interstate system needs. The states cannot do the interstate job, because of state obstacles to new state taxes and restrictions on dedication of highway user revenues to highway systems, and particularly to the interstate system.
8. Direct responsibility for construction of the Interstate System to rest in states as in other federal-aid highway programs, without any extension of federal wage controls (Davis-Bacon Act) and leaving reimbursement of utility relocation costs and permissible truck and bus size and weight limitations to depend upon state law. Federal participation in acquisition and construction through Bureau of Public Roads, Department of Commerce, would parallel existing federal highway aid procedures with limited power in federal government to acquire rights of way only where necessary to assure limited access.
9. Program to be presented to Congress by early special presidential message accompanied by proposed legislation, both now nearing completion.

1956 – The “Hidden Hand”

- GOP Congressional leaders convince Ike not to put out a specific proposal – only call for “adequate financing provisions”
- Treasury negotiates behind the scenes with Ways and Means to segregate highway taxes in a Highway Trust Fund
- Treasury works with Sen. Byrd to add a “pay-as-you-build” anti-deficit provision (“Byrd Test”) in Finance Committee
- Commerce/BPR work with Public Works Committees on funding formula and other highway issues
- House, Senate pass bills in April-May 1956 that are broadly similar, by huge margins

Highway Legislation - Efforts will be continued to secure appropriate Conference action on this measure so that the bill will correspond as closely as possible to the Administration position, particularly in regard to (1) maintaining the system at 40,000 miles unless funds are provided for any mileage increase, (2) securing a general statement of policy rather than a rigid formula for apportionment of funds, (3) avoiding reimbursement for toll roads, (4) maintaining the Senate provision which makes apportionment contingent on tax collection, and (5) the Bacon-Davis amendment. The President stressed the desirability of centering in one person or body the final responsibility for wage rate determinations.



Administration Priorities in House-Senate Conference on Highway Bill (June 5, 1956)

The Administration got wins on items 2, 3 and 4, split the difference on item 1, and lost item 5.

Public Law 627

CHAPTER 462

June 29, 1956
[H. R. 10660]

AN ACT

To amend and supplement the Federal-Aid Road Act approved July 11, 1916, to authorize appropriations for continuing the construction of highways; to amend the Internal Revenue Code of 1954 to provide additional revenue from the taxes on motor fuel, tires, and trucks and buses; and for other purposes.

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

TITLE I—FEDERAL-AID HIGHWAY ACT OF 1956

VICTORY

The final bill passed Congress in late June by voice (House) and by 89 to 1 (Senate) and signed into law June 29

Interstate Growing Pains

1958 recession – Congress postpones pay-as-you-build Byrd Test spending cuts, citing need for economic stimulus via highways

Eisenhower agreed, but said privately if the economy improved, he might request a gas tax increase to pay for the extra spending

The economy recovered quickly

Eisenhower decides not to request another year's Byrd Test suspension, asks 1.5¢, 5-year gas tax increase to pay for it

January 1959 – FY 1960 Budget (a balanced budget) requests the tax increase, from 3.0¢ to 4.5¢, lasting for 5 years

Congress Opposes Another Gas Tax Hike

- Speaker Rayburn, Senate Majority Leader Johnson pronounce the request dead on arrival (January 1959)
- House Minority Leader Halleck tells Eisenhower privately it would be “impossible” (May 1959)
- Senate votes down the gas tax increase, 33 to 46, June 25

The result was announced—yeas 33, nays 46, as follows:

YEAS—33

Allott	Cotton	Martin
Beall	Dirksen	Morton
Bennett	Hayden	Neuberger
Bridges	Hickenlooper	Saltonstall
Bush	Hill	Scott
Butler	Javits	Smathers
Byrd, Va.	Keating	Smith
Carroll	Kennedy	Stennis
Case, N.J.	Kuchel	Symington
Clark	Langer	Williams, N.J.
Cooper	Lausche	Williams, Del.

NAYS—46

Anderson	Hart	Moss
Bartlett	Hartke	Mundt
Bible	Hennings	Pastore
Byrd, W. Va.	Hruska	Proxmire
Cannon	Jackson	Randolph
Curtis	Johnson, Tex.	Robertson
Dodd	Johnston, S.C.	Russell
Douglas	Jordan	Schoeppel
Eastland	Kefauver	Sparkman
Ellender	Kerr	Talmadge
Engle	Long	Thurmond
Ervin	McCarthy	Yarborough
Frear	McClellan	Young, N. Dak.
Fulbright	Magnuson	Young, Ohio
Goldwater	Mansfield	
Gore	Monroney	

NOT VOTING—19

Aiken	Green	Murray
Capehart	Gruening	Muskie
Carlson	Holland	O'Mahoney
Case, S. Dak.	Humphrey	Prouty
Chavez	McGee	Wiley
Church	McNamara	
Dworshak	Morse	

Eisenhower Squeezes the States

- The law is on Eisenhower's side, mandating a shutoff of new Interstate construction funds to states as of July 1
- Ike goes further, telling states July 13 that they will also have to suspend all new non-Interstate contracts in the fall and would have to wait months for reimbursement for money already spent
- White House releases to the press the date each state highway bureau will run out of money
- Eisenhower rejects House plans to fix the problem by diverting taxes from general fund because that would throw the entire federal budget out of balance



Compromise at 1¢ (not 1.5¢) for 21 Months

- Mid-August 1959 – White House privately supports 1¢ increase for two years
- Ways and Means Committee accepts, but House Public Works refuses to go along (toll road issue)
- Speaker Rayburn mediates but is rejected by Ways and Means
- Ways and Means and Public Works accept revised Eisenhower plan of 1¢ increase for 21 months, House approves
- Senate concurs, bill signed into law September 28, along with a short-term loan from general fund to Highway Trust Fund
- Eisenhower still implemented “cost controls” on highway program obligations that stayed in effect until 1975

Eisenhower's Vision

- Eisenhower believed in the long-term growth of America – the population and the economy.
- He had an innate understanding that the networks that bind the country together, including transportation infrastructure, had to grow along with the nation.

“You will not find it difficult to prove that battles, campaigns, and even wars have been won or lost primarily because of logistics.”

-Dwight D. Eisenhower



For further information on federal
transportation policies under
President Eisenhower, visit
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