PROGRESSIVE TENDENCIES IN HIGHWAY TAXING
AND SPENDING POLICIES

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This morning I am in the position of the man who writes those flattering advertisements for correspondence schools. I propose to tell you not how to live happily within your income as public officials, but how to multiply it. I am not talking about your own salaries, of course; I mean the money you receive as taxes and spend as governmental officials. How do you know that you can’t double it, as the advertisements ask, and rub out most of your financial worries?

This is the era in modern highway history of the great deficiencies. Every generation of roadbuilders was aware in its time of how much remained to be done, but there was a kind of unspoken agreement that one day the job would be finished. Now, caught under a snowballing traffic load and falling farther behind every day, we know that it is not so. Highway officials are preoccupied with deficiency studies, and haunted by the facts the studies pile up. It is useless to memorize the latest figures, because they have changed by the time we use them—except that the billions are still billions. It is as though we had finally discovered that highways have a life-span—that engineering structures built of durable materials will wear out, and that geometric standards of the past have been obsolesced by speed, traffic volume and roadside encroachments.

We have explained all this to ourselves in terms of emergencies and the unexpected. Wartime loads and shortages of materials wrought havoc with roads that we are trying to rebuild at inflated prices and with depleted forces. Unprecedented traffic is providing the final touch. This is a good enough explanation, except that one important factor is missing. At the present high level of our economy, people are not depriving themselves of nourishment, clothing, housing, entertainment or the more volatile satisfactions. They are not depriving themselves of Chevrolets or Cadillacs, as the case may be. They are not curtailing their driving. And so it seems to me that before we reconcile ourselves to a permanent deficiency in highways, we should try to help people get the contributions they make for essential governmental services into the same frame of reference with the daily or weekly outlay for food and the monthly rent bill.

This has always been a problem for government. Somewhere in the glorious adventures of Rabelais, a rich man had a catchpole, who was something like a tax collector, flogged and disgraced. No one enjoys such liberties any longer. Nevertheless, the ordinary citizen thinks of taxation in a negative way—as a subtraction that leaves him with less for the really enjoyable kind of spending, for which the money is burning holes in his pocket, and for which he will go into debt if the cash is not at hand. Some citizens evade taxes if they can, although they would not practice shoplifting or risk offending their neighbors by putting a button in the collection plate on Sunday.

This attitude toward taxes has been fostered by newspaper editorials, by political oratory, and even by the propaganda of industries whose prosperity is founded on governmental spending. We are reminded that the power to tax is the power to destroy; and the certainty of taxation is coupled with the eventual necessity of death, which is certainly something most people would like to avoid.

I have never forgotten the outburst of a newspaper columnist who cried: “The happy savages! They pay no taxes.” What he forgot to add is that if the savages are savages, and I doubt that they are so happy about it, it is because they enjoy almost none of the blessings of civilization that taxes buy.
I suppose that one reason for the lack of enthusiasm about laying out money for governmental services is that nearly every time we turn around, we are reminded of the waste in governmental operations. The waste is there, of course; and if we don't like it, we should try to stop it. We ought to get mad, but not so mad that it blinds us. Another reason is that it is ordinarily very difficult for an individual to connect his tax payments to the community or the state with the services government provides him. It isn't like getting a haircut or taking a can of beans off the shelf, and paying for it on the spot. I suppose that is at least part of the reason why a driver will choose the $2.50 trip over a toll highway in preference to the 49c trip over the old road, or say the 98c trip over the new free road that might have been built in place of the toll route. The price-tag is showing in the one instance, and not in the others. He knows what he is getting for his money.

I have been talking about taxes in a rather general way. A distinction is commonly made between the so-called highway-user taxes and the other taxes we pay, and the difference in the character of the gasoline tax is particularly asserted. The gasoline tax has been called a “painless” tax—with good reason. Actually, if we separate the average highway transportation dollar into the two components of vehicle cost and highway cost, we must conclude that all the taxes we pay for highways are comparatively easy on the pocketbook. Of the total amount spent for highway transportation by the average vehicle owner in the course of a year, less than 10 per cent goes for the highways he uses; the rest represents the cost of motor-vehicle ownership and operation. That is roughly a dime out of a dollar. For the operator of an ordinary passenger car, state gasoline taxes account for about a nickel out of the transportation dollar, on the average. Yet it took us 4 years in Illinois to get the gasoline tax from 3c per gal. up to its present level, and it took Michigan about as long. These were not typical situations, but they were not unusual.

An automobile owner driving 10,000 miles a year, getting 15 miles to the gallon and paying a 5c state gasoline tax contributes a little more than $30 annually in state gasoline taxes, which pays a large share of his annual highway bill. The other morning I took $30 in imaginary money and went into the basement of the large Sears store in Chicago’s loop, to see what it would buy in the way of automobile accessories. I found that it would have purchased a heater, a tow chain and an illuminated flamingo ornament. Or I could have spread my money around a little more and bought a fire extinguisher, a two-speed jack, a pair of license frames, two fender flaps, a rear-view mirror and six spark-plugs. The corresponding annual gasoline-tax contribution in Kentucky would have been about $10 more, for which I could have bought in addition a pretty good spotlight. I have no idea what the ordinary driver pays for automobile accessories in the course of a year; but I am sure that it is the extraordinary driver who ever compares the amount with the highway taxes he pays to be able to drive in the first place.

There are many different ways of looking at highway income figures. I have tried the experiment of taking per capita highway-user tax receipts for the year 1950 for Kentucky and its neighbors, and comparing them with income per capita. The receipts represent the income from gasoline taxes, registration fees and special motor-carrier taxes. When we do this, we find that Kentucky had highway-user tax receipts of $17.10 for each man, woman and child in 1950, and income of $917 per capita, or $18.70 of receipts for each $1,000 of income. Surrounding states collected the following amounts for each $1,000 of income per capita, in descending order: Tennessee, $18.10; West Virginia, $14.70; Virginia, $14.15; Indiana, $11.15; Ohio, $10.05; Missouri, $7.00, and Illinois, $6.30. The average for the United States was $11.50. Illinois and Missouri have increased tax rates since 1950, but at the new rates, highway revenue for each $1,000 of income would still be far below Kentucky’s index of $18.70.
In this arrangement of figures I have not taken account of property taxes on motor vehicles, which although not ordinarily grouped with gasoline taxes and registration fees, represent substantial amounts comparatively in many states.

A recent study of the Bureau of Public Roads shows that when property taxes on vehicles are included, as of Jan. 1, 1953, Kentucky stood seventh among the states of the Union in all fees and taxes paid annually on a lightweight passenger car, sixth in fees and taxes on a medium-weight passenger car, and higher on the list for almost every classification of truck or combination.

What does all this signify? In none of the figures I have cited is included any income from taxation of real property for highway purposes; thus a state’s motor taxes may be relatively high because of an intent to shift some of the burden of supporting local roads off the land. Nevertheless, it seems to me that in Kentucky there has been a realistic approach to the question of highway tax rates that some of the more timid states might adopt, to their own advantage.

The great source of our troubles is that almost no consumer of governmental services is in a position to say whether he is paying too much or too little for what he is getting; nor is it persistently dinned into his skull that he should have something better, and that he can afford to pay for it. From sunup to bedtime, consumers are under the most enormous and adroitly directed pressures to part from their income in the greatest haste, so that father will feel more manly and smell better, daughter will have all those dates she is missing now, and sonny will be unmistakably identified by the helmet of a junior spaceman. God forbid that the world of government should take most of its lessons from the world of commerce; but government could get a little more confidential, and even cozy, with its own customers.

Now let us suppose that we have got the taxpayer straightened out. He now is the happy taxpayer—a savage no longer. He comes to the public officials with his money, and asks how much they need. This is a favorable state of affairs; but there are certain to be new difficulties ahead. Our reformed citizen has taken to heart the highway department’s plea that he show a greater interest in highway affairs. He is interested—and in what the highway department can do for him in particular. He wants some of those benefits right away. Clearly the process of education has no end.

The ordinary citizen cannot be blamed for trying to draw a straight line between tax payments and benefits; earnest highway economists have been attempting to do that for years—with the result that they have not helped us much, because in the process they have tended to slight or ignore some fundamentals of governmental taxing and spending policy. The reactivated taxpayer is going to have to know about some of these things. If he lives in New York state, he should know why, through the federal-aid program, he is helping to support highway development in Kentucky. If he lives on a country road anywhere in the United States, he must understand that traffic volume is an important factor in the assignment of tax funds to improvements. If he lives in Louisville or Lexington, he ought to know why city people are asked to help pay for the cost of local rural roads off in Ballard County or Knott County that they may never travel on.

I should like to say a few things about the local rural roads as they affect all the citizens of a state. In our highway planning studies today we are measuring geometric and structural deficiencies of roads on the one hand, and the flow of traffic on the other, and for two main reasons: (1) to find out how much it is going to cost to catch up with demands, and (2) to try to rate improvement projects, or classes of projects, in order of importance. In this admirably scientific procedure we may risk losing sight of something else; the larger deficiencies that repress and retard the existence of people living in rural areas where minimum standards of road development actually represent a luxury. The roads in these areas may stand pretty low on the highway planners’ priority scale, but they have
a high human priority rating. I think we have discovered in America that poverty cannot be confined—that where one region or population class is disadvantaged, it is to the ultimate disadvantage of all the people.

In rural America the school bus is an important symbol. The school bus is dependent on serviceable local roads and safe bridges. It is counted only once as a traffic unit, but it may be carrying 30 or 40 passengers on a highly essential mission. Some people grow sentimental about the old days when one teacher taught eight grades in a single room; but I think that no one any longer has to defend the modern community schools that are opening new ways for young lives. The school bus is a symbol that stands for better rural living—but its influence goes farther than that. In the drift of our population, young people who received their primary and high-school education in rural communities come to the cities in large numbers to spend their productive years. They bring with them a contribution that places the cities in considerable debt to the nation's rural areas. This we should never forget.

There are some other things that we should not forget. We are often reminded that 90 per cent of all the rural traffic is carried by only 10 per cent of the rural highway mileage, and that on hundreds of thousands of miles of the remaining roads, traffic is by comparison a mere trickle. That is so. But let us go one step farther. If we take the minimum annual cost of keeping a mile of these insignificant country roads open for service and divide it by the number of vehicles it carries in the course of a year, we get a figure that is comparatively very high. In these terms the least-traveled roads are the most expensive roads of all! And although we can restrict the standards of design of these roads to what we think we can afford, we would have a devil of a time restricting the heavy loads that come on them as well as on the rest of the highway system—loads that in part serve the production and distribution of food directly in one way or another. These are reasons—and you understand them very well in Kentucky—why the local rural roads are of much more than local concern.

If that reconstructed taxpayer is still around, I want to offer him some further encouragement. In repayment for his sympathetic interest, backed up by his money, the highway department owes him the most effective performance it is capable of—in engineering and business administration. That is going to cost him more at the start, of course. For one thing, he is going to have to pay for more specialized help. But he never objected to paying for the technological skill that went into his motor car or his television set or the bridgework in his mouth.

To the old Greeks the world was composed of four elements: earth, air, fire, and water. The world has not been that simple for a long, long time; but to the highway engineers of the early 1920's, dirt was still dirt. Dirt is dirt no longer; it is a complex substance with a thousand names that has finally been yielding its secrets to soils scientists for the benefit of mankind. I suspect that it is pretty glamorous stuff to the specialists over at the research laboratory. That is typical of what has happened in almost every branch of highway engineering in a very short span of years—in surveying, in structural design, in materials control, in traffic analysis and in long-range planning. The engineer is gaining greater power to deal with new problems, and with some old ones that are still baffling us. This power must be increased and put to work more widely. Perhaps when the news gets around that highway engineering is really exciting, the profession will find it easier to meet the competition offered in engineering schools by the hypnotic fields of jet propulsion, electronics and atomic power.

In the past half-dozen years or so, we have come to realize that we know far less about highway administration than we do about highway engineering. It is fair to say that there is no science of highway administration, since science implies measurement. When a newspaper attacks a highway department for spending too much money for administration, the hard-pressed commissioner or
chief engineer finds it difficult to reply, even though he is convinced that the newspaper is wrong, because no one has really begun to measure these things, even crudely, and make comparisons. Highway departments are going to have to give much more attention to this and to the study of organizational forms, just as they have begun to take a greater interest in accounting practices, equipment management and employee training.

So we are all going to have to rely more on our researchers, and to partake more of the research spirit ourselves. You can feel some pride in this state in having pioneered in harnessing that spirit into an organized effort, with direction of the caliber it has bad. I have no idea of what the budget of Kentucky’s cooperative research project is, or of the percentage it represents of the total highway outlay. But if a member of the legislature should ask my advice—which is inconceivable—on whether the budget should be doubled, I would say, “No, it should be expanded 10 times, as fast as the necessary staff can be recruited. That would be for the good of Kentucky.”

Before we come to the end of the story of the happy taxpayer, something further has to be said about the overburdened and tormented highway administrator, whose path is a thorny one. I see little hope for him. The other day a special commission of the federal government estimated that barring disaster, some 85,000,000 motor vehicles will be in use in the United States by 1975. That compares with 53,400,000 vehicles of all kinds at the end of last year. The number of trucks will have doubled, the estimators predicted, reaching 20,000,000. Think of what that means in terms of responsibility for wise administrative and engineering judgment—even though we have softened up all the old and all the new highway taxpayers, and the revenue is spilling over in a golden flood. There are hard decisions to be made, and opinion polls will not help. The highway office and his associates will still be largely on their own.

One of the staggering decisions involves standards of design—and this is an issue at every stage of development, from the country lanes to the primary routes. Experience has taught us that we will save people money in the end and we will probably save lives if each new section of road we construct is built to the highest standards designers have yet evolved. We will save money and lives, that is, so far as each particular new section of road we build is concerned. But if we carry this policy beyond a point, for each mile of new construction we may be starving 10 or 20 or 50 miles of old roads in urgent need of attention that will hold them together for a little longer. Someone has said that the situation is like that of a poor family’s shoes: the patching and half-soling have to get done too. Our new allies the truckers are saying that we have inherited most of our present troubles because the designers of the old roads did not set their sights high enough in the first place. That is very comforting. It almost makes today’s highway officials go in advance for the new crises we may experience in 10 or 20 years because it may have proved impossible to hold down the lid on new pressures for higher speeds and heavier loads.

What are we going to do about those heavy loads? Perhaps the researchers can help us. A bold new—or almost new—project of the Highway Research Board proposes to do something like this. It plans to explore the possibilities of lowering highway transportation costs for shippers by using vehicles of larger capacity and possibly new design. This would involve, naturally, determination of the additional cost of highways and bridges capable of carrying the increased loads, since the highway costs are a part of the total transportation costs. If it should turn out that overall transportation costs could be decreased in this way, it might be in everyone’s interest—consumers as well as producers—to provide new highways and bridges of increased capacity—provided that the beneficiaries shared the highway costs equitably. That would be very important. It would be a matter of put up—or else. This investigation deserves your careful attention.

Let me put what I have been trying to say mostly this morning in a little
different way. Somehow the operating departments of government are going to have to recapture the citizen. His interest has been stolen by automobiles, home appliances and the television screen, by professional sports and flying saucers. It has been dissipated in the general hubbub and the general apathy of modern living. It was not this way 50 years ago, when government was doing so many fewer things for people. Since then its ties with citizens have multiplied, but the sources have become remote. Government has been pushed into the background. It is taken for granted.

If highway departments and other departments of government want to get out from under a burdening load of deficiencies, they will have to show citizens what they receive in return for their taxes, and how the values they get at the governmental counter compare with the values they receive in the supermarket and the department store. A merchandising counselor would say that government must put a price-tag on its wares and advertise them. That is hard to do, of course, because paying for and participating in governmental services is a lot different from an over-the-counter transaction. But it has to be done. It means getting the citizen’s ear, slipping him the facts in easy lessons, tickling his imagination.

There is more to it than that. The citizen who understands his government— who feels a sense of ownership and participation—is a more valuable citizen. I think that the more such citizens we have, the happier life will be for public officials. Sometimes people talk about respect for government. I believe that most governments are worthy of respect, although you may have had a touch of governmental corruption in Kentucky at times, and I am sure that a whole lot of corruption is going on in Chicago this very minute. The sad thing is that the ordinary citizen doesn’t know enough about government to be able to decide whether he can respect it or not. To bring the citizen back into government is good politics for everybody.

We had a great Democratic governor in Illinois. You may have heard of him last fall. In a speech made about a month ago, he said: “Politics, good politics, is not merely a quadrennial or biennial burst of enthusiasm; nor is it a function reserved to the so-called professionals. In its highest and truest sense, politics is leadership; and leadership is a time-consuming, brain-consuming and energy-consuming job—a job that is open to all United States citizens.” Governor Stephenson was talking about national and international affairs, but I think that the application is rather general.

This is the picture of the happy taxpayer, who has left his tribe to join an enlightened community, largely because public officials, with the aid of many skilled allies, have had the determination and the patience to win him over. He is a changed man indeed!—as much at home in a government building as in a shopping center. In his time, government buildings will look more inviting, just as government reports will make much livelier reading. If he keeps a watchful eye on the conduct of government, he will also be more careful about his own conduct in public. He will not try his Kentucky marksmanship on highway signs, or litter beer cans along the road sides. He will drive like a sane man. He will make it easier to attract capable people to governmental service by seeing to it that governmental employment is made more attractive.

It is the picture of a happy time—almost of a Golden Age. Perhaps I have simplified it; and at times you may have felt that I regarded it a trifle lightly. But I believe in it. In our own time we ought to try to make more of it come true.