

Approved
April 16, 1958

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

Last Day
4/16/58

APR 10 1958

My dear Mr. President:

On April 4, 1958, the Executive Clerk notified this office that H. R. 9821 "To amend and supplement the Federal-Aid Road Act approved July 11, 1916 (39 Stat. 355), as amended and supplemented, and the Act approved June 29, 1956, 1956 (70 Stat. 374), to authorize appropriations for continuing the construction of highways, and for other purposes," had been received at the White House and requested reports and recommendations thereon.

The bill provides appropriation authorizations and advance contract authority for the Federal-aid primary, secondary, and urban highways, for the Interstate System of National and Defense Highways, and for highways and roads on the public domain. It also contains provisions for the control of outdoor advertising on the Interstate System. The attached analysis describes in detail the provisions of the bill and compares them with the recommendations of the administration.

The bill contains provisions which it is essential to enact into law in this session of Congress. First, it provides the contract authorization necessary to continue the construction of the Federal-aid primary, secondary and urban highways in fiscal years 1960 and 1961. Second, it approves the estimate of the Secretary of Commerce of the cost of completion of the National System of Interstate and Defense Highways. This approval is required by law before the existing 1960 authorization can be made available to the States. Third, it would waive for 1960 the requirement that highway trust fund receipts must equal expenditures in each year and thus allow the apportionment of the full 1960 authorization; and fourth, it provides a start in controlling highway advertising.

We are convinced, however, that the provisions in the bill which purport to use the highway program as a method of stimulating economic recovery are so unwise as to justify disapproval of the bill. Therefore, for the reasons stated in the attached draft veto message, we join the Department of Commerce in recommending that the bill be disapproved.

In addition, there are other undesirable provisions in the bill which we believe we should bring to your attention. First, the bill continues the Congressional policy of increasing the annual authorization for the Federal-aid primary, secondary and urban highways by \$25 million each year. The Department of Commerce recommended to the Congress that the authorization for these programs for fiscal years 1960 and 1961 should be at a \$900 million level in order to maintain a balanced highway program.

Second, the bill authorizes the appropriation of \$78 million from the general fund for Commerce's forest and public lands highways, \$14 million more than recommended by the administration. In addition, it authorizes each State to use up to \$500,000 of its regular Federal-aid funds in both 1960 and 1961 on forest highways. No State matching funds are required in these programs. The bill further directs the Secretary of Commerce to make a study to determine forest highway needs and the amounts required to meet these needs over a ten-year period. Since these highways serve the people of the States in much the same manner as the Federal-aid highways and provide important local economic benefits, these provisions raise the question whether the States should not contribute more toward meeting forest highway needs.

Third, the bill contains contract authorizations for road programs in the national forests and parks and on Indian lands. We recommended to the Congress that such authorizations not be included in the bill as has been the practice in past biennial highway acts. These road programs are only part of the total programs for the development and operation of these public areas and are already authorized in existing law. The practice of granting advance contract authority for roads tends to create an imbalance in the total programs.

While we believe these provisions are undesirable, we do not consider them sufficiently serious to mention in the veto message.

The Department of Agriculture recommends approval of the bill since it authorizes highway, road and trail programs needed for forest development and use.

The Department of Defense recommends that the bill be approved because it authorizes funds for continuing the Federal-aid Highway Program in 1960 and 1961 and provides additional funds for 1959. The Department of the Interior, while agreeing that the provision of contract authority for road programs it administers is undesirable, believes this does not warrant disapproval of the bill. The Treasury Department has no objection to approval of the bill. The Special Assistant for Public Works Planning states that since "excessive amounts in one field underbalance orderly public works development" the increased Federal share authorized in the use of the additional \$400 million for the regular Federal-aid highway programs in 1959 would make it more difficult to increase other Federal-aid programs on their regular bases. However, he does not consider this grounds for a veto but suggests mentioning it in a signing statement. The Council of Economic Advisers believes the differences between the legislation as passed by the Congress and the administration's proposal are not sufficiently serious to warrant a veto, and recommends approval.

Respectfully yours,

The President

The White House

Enclosures

Robert M. McNamara
Acting Director