12-15-1916


George T. Files

Follow this and additional works at: https://digitalcommons.library.umaine.edu/mainehistory

Part of the History Commons

Repository Citation
https://digitalcommons.library.umaine.edu/mainehistory/126

This Monograph is brought to you for free and open access by DigitalCommons@UMaine. It has been accepted for inclusion in Maine History Documents by an authorized administrator of DigitalCommons@UMaine. For more information, please contact um.library.technical.services@maine.edu.
THE GOOD ROADS SITUATION IN MAINE--1917

STUDIES IN THE ECONOMIC PROBLEM OF HIGHWAY IMPROVEMENT

GEORGE T. FILES
The Good Roads Situation in Maine

1917

Studies in the Economic Problem of Highway Improvement, by

GEORGE T. FILES

The articles included in this pamphlet are reprinted from a series which appeared originally, on consecutive Saturdays from November 25 to December 30, 1916, in the following Maine newspapers: the Portland Evening Express, Bangor Daily Commercial, Lewiston Journal, and Kennebec Journal. Consent to reprint these articles in pamphlet form has been obtained from the original publishers.
INTRODUCTION

Admittedly the improvement of our highways is the great economic problem of the State. In importance it transcends all others. Aside from Florida and possibly New Hampshire, there is no state east of the Rockies that would receive such material benefit from improved roads as Maine. Other states are expending millions on their roads, in order to reduce the vehicular cost of transportation and contribute to the happiness and comfort of their people. All of these advantages would accrue to our own people besides the certainty of bringing to the State an enormous amount of new tourist business. The road problem should be considered entirely as a state-wide proposition. We should break through the chrysalis of our own local environment and view the problem in the broad light of what is best to the State as a whole.

As it requires money to construct roads the question naturally arises, how can the money be obtained? Considering the subject from every angle the mill tax idea seems to be the most feasible for the present at least. It enables continuous work and furnishes a fixed annual amount which must be provided if we are to receive the $750,000, from the national government during the next four years.

Some have an erroneous idea that if some other form is adopted the burden will fall on some municipality and not on others and theirs might escape. This is not so. No matter what form is adopted whether the mill tax, direct appropriation or bond issue, the burden will fall equally upon all according to their valuation, just the same as it would for the construction of buildings for the State Asylum at Augusta, the University of Maine at Orono, the payment of the Governor’s salary, or any other State expenditure.

It is a pleasure to commend the following articles of Professor George T. Files of Bowdoin College and request that they be carefully read by everyone into whose hands this little brochure may fall. Professor Files has had rare opportunities to study the road problem, not only in our State and country, but in Europe, having on several occasions traveled over and investigated many of the principal roads of England and the Continent.

JOHN C. SCATES.

Westbrook, Maine, December 31, 1916.
THE GOOD ROADS SITUATION IN MAINE

I. WHERE WE STAND TO-DAY.

Before attempting to provide for the future, it may be wise for us to pause for a moment and take under our most careful consideration the actual conditions that prevail today in our state relative to the building of our highways. How do we provide the necessary funds for the construction of the same?

Let it be said here that few states have been so fortunately situated in this regard, as has the State of Maine, during the last four years; and for the following reasons.

Highway construction in Maine—as indeed in all other states and countries—falls into two great departments or divisions: the construction and maintenance, first, of the local or secondary roads in a commonwealth; second, of the great through lines, or trunk highways of the state as a whole. The interests of these two departments of construction—generally speaking—are as diverse and unrelated as may possibly be. The first is largely of local interest and concern; the second is of interest to all and is commonly handled by a state at large. Under the laws as they exist in Maine today, these two departments have been held as separate and distinct accounts, and the funds necessary for the development of each is derived from an entirely different source.

1. The local or secondary roads (not secondary in importance but merely in name) we designate as State-Aid Roads and the funds necessary for these roads are provided in part by the locality (the city, town, township or plantation) and in part by the state. The proportion varies very greatly in accordance with the relative population and valuation. Speaking widely and on the average, the local community votes to raise two or ten thousand dollars as the case may be, then the State Highway Department grants a similar sum to aid this community in constructing this road, the actual proportion varying under various conditions. This is the so-called state-aid plan and is
quite universally accepted throughout our country as the basis for the distribution of state highway funds which are to be expended upon roads of purely local value. The principle is a just one; indeed it has been accepted by our Federal government as the basic principle for the distribution of the Federal aid for highway improvement, which was only recently voted by Congress. There is a principle, sound and commonly recognized, that "he who has to give a dollar to get a dollar," is not likely to be "flush" with money, either his own or other people's, —and particularly the latter. This plan has worked out admirably in Maine—as indeed it has wherever the principle has been tried.

Here in our own commonwealth, the various cities, towns, townships and plantations have raised, during the past eight years an annual aggregate sum varying from $250,000 to $300,000. This, together with an equal sum granted by the State, has constituted a total annual aggregate amount of $500,000 to $600,000 expended in the State of Maine on state-aid roads. Generally speaking, this sum is large enough; in fact, in all probability it represents as large a proportionate amount as the local communities can afford to spend on permanent construction.

During the ten years from 1906 to 1915, we constructed in Maine 1,030 miles of state-aid road—there are some 25,000 miles of roadway in the state—and these 1,030 miles cost approximately $5,000,000 or on the average about $5,000 a mile. This is not a bad showing, especially when we stop to consider that from 1906 to 1913 many miles of these state-aid roads were part of the trunk lines and demanded very thorough and expensive construction.

During the years 1913 to 1916 or, in other words, during the period in which we have differentiated between state-aid and state roads, the cost of state-aid roads has been materially reduced. During this period 1913 to 1916 our state has built 562 miles of state-aid road, at a cost of $2,217,180. This shows an average cost per mile of $3,942.00 and an average annual
mileage of 140.6 miles. Not a poor showing—considering the reduction in the cost per mile and the increase in the average number of miles constructed per year.

So much for state-aid construction.

2. Let us now take into consideration the work that has been done upon the great trunk lines in our state during the past decade. This department of our highway work received vised a plan for beginning a consistent and well developed plan all too scant attention until the year 1912, when our State de-
of trunk line construction.

Previous to the year 1913, all trunk line construction was done as a part of state-aid work and from state-aid funds. As may be readily seen, the result was not fortunate. In fact it came near being disastrous to the general welfare of our state, and for the following reasons.

First: the demand for trunk highways through our state was so great and so imperative that undue effort was made to lay out the state-aid work almost entirely upon the trunk lines, for it was clearly seen that we must have these great avenues of trade and travel.

Second: the diversion of state-aid money to trunk line work left little money to be devoted to the construction of purely local roads which are of enormous value in the develop-
ment of the agricultural and industrial interests of the state. Without efficient secondary roads a state becomes, to all intents and purposes, inefficient and undeveloped, agriculturally, industrially, socially and morally. The history of the good-roads movement has proved this without a shadow of doubt. We need not spend an instant of time in debating the question.

Third: the portions of our trunk line system which were developed under state-aid money were of necessity merely short, unconnected sections of road, distributed here, there and everywhere throughout the broad area of our state. Prior to 1913 there were in all not a half dozen sections of connected highway that would measure four miles or more in their entire length. In the light of our present day knowledge and the
modern demand for travel and transportation, this condition was pitiful—not to say disgraceful to our state.

This manifest failure of our attempt to spread our state-aid money over such an area of ground and to meet with it such diversified needs, led to a thorough revision of our highway laws in 1913 and to the issuing of $2,000,000 in bonds, the proceeds from which were to be devoted *exclusively to the construction of the trunk line system in our state*. The state-aid money could now be devoted exclusively to the purpose for which it was originally intended: namely, to develop the roads throughout our agricultural and rural communities.

We need not go into the details of our $2,000,000 bond issue; it is perfectly well understood by the people at large in our state. It is sufficient to say that under conditions as they have existed since the new law went into effect in 1913, Maine has enjoyed a period of highway development such as has hitherto been totally unknown to us. We have not only built the 562 miles of state-aid roads already mentioned, but, from the proceeds of our bond money we have constructed 278.3 miles of trunk highway (now called state-highway under the new law) in continuous sections of 3, 7, 14 and even 26 miles, at a cost of $2,002,265. The sum of $200,000 remains from our bond issue; but some of this is already pledged for contracts which have been let, whereas the work is not yet completed. This $200,000 almost exactly balances the amount which accrued to the trunk line fund from sections of road which have been built by towns from state-aid money, but upon the trunk line system of our state.

Taken in its length and breadth, and in every phase of its working, no plan was ever devised by the State of Maine which carried with it greater equity and fairness, and brought more immediate and definite results, than the present plan of meeting the costs for these two items from entirely separate sources. Some of our sister states recognize the equity and sanity of the Maine plan and are preparing to follow our example.
II. BOND ISSUE, PAST AND FUTURE.

The differentiation in the distribution of highway funds in Maine has led to most favorable results. And not only are the funds disbursed separately; they are likewise raised from separate and distinct sources. That portion of the state-aid fund which is furnished by the State (approximately $300,000.00) is raised by special grant by the Legislature at its biennial sessions. The funds which have been used during the past four years for the construction of the trunk lines have come from the proceeds of the $2,000,000 bond issue authorized by the Legislature of 1913 and accepted by the people of the state at the subsequent referendum vote. This bond issue—as is perfectly well understood—is capitalized on the income of the revenue received by the State from the registration of motor driven vehicles and the licensing of their drivers. The amount accruing from this source to the credit of the state was as follows: in 1915, $271,987 and to Oct. 18, 1916 the sum of $362,853.90, the total annual receipts showing an increase of over $90,000 in the last year. Now from income derived from this automobile tax, the following items must be met: first, interest on the outstanding bonds; second, the retirement of a certain number of the bonds already issued; and third, the costs of collecting the automobile tax in the office of the Secretary of State. Last and by no means least in importance: whatever remains of this fund, after deducting the fixed charges just mentioned, is devoted by law to the maintenance of the highways in the state. And this is the only sum of money available for this purpose, and the only provision made for this very necessary and constantly increasing item of expense.

A glance at the figures from the office of the Secretary of State for the years 1915 and 1916 are instructive.

Total receipts 1915 registration and license $271,987 00
Interest paid, 1915, $44,737 79
Bonds retired, 1915, 39,500 00
Balance to Maintenance Account $187,749 21
Total receipts 1915 registration and license $362,853 90
Interest paid, 1916, $65,288 99
Bonds retired, 1916, 38,500 00
Balance to Maintenance Account $259,064 91

These are the figures for the two years; there are other small charges and other slight balances which should be added to both columns of the ledger, but the amounts are so small and are so nearly balanced that it would be of no interest or value to take them into account.

Thus we see how the third great item of highway expense is met by the State of Maine. It is an ideal way and, to date, has been adequate to meet the state's needs in maintenance cost. I say adequate—it would probably be fairer to say, barely adequate, for although the proceeds from the automobile license fee is increasing annually, the charges for maintenance are growing in far greater proportion. Maintenance is the one great charge which this state,—as well as all other states—must anticipate for future years, and that too with liberal hand. During the past year the State of Massachusetts, which also follows this same wise plan of devoting the revenue from automobile licenses to the item of maintenance, received from this source a sum of approximately $1,500,000. And this enormous sum is scarcely more than sufficient to meet the tremendous maintenance cost of this wealthy state. But more of this subject later.

So, here we stand. How delightfully, how comfortably we are situated in highway matters! If we could but continue in this pleasant path!

But, alas! our road has come to an abrupt termination.

*Our bond issue is exhausted* with the exception of the trivial sum of $200,000 for 1917, and a considerable portion of this sum is already committed. What shall we do—for something must be done and quickly, in order that we may lose no time. One thing is sure—sure beyond an element of doubt—
and that is that the people of the State of Maine will never consent to go back to the "penny-wise and pound-foolish" policy of the days before 1913. We have taken a long stride with the rest of the world in the matter of highway construction during the past four years and we shall not halt in our progress. We—like all other progressive commonwealths—recognize the unquestionable value and economic return of road building. We are likewise conscious that the general plan under which we have been working during the past four years has been sane and sound; best of all, it has brought definite, visible results, commensurate with our expenditures. That work, so splendidly begun, will be carried to a successful completion. The only question that remains to be solved is: How? By what means? And that is the problem with which we are concerned at the present moment.

How shall we raise the sum of $500,000 annually for a period of some six or eight or ten years in order to complete the trunk highways of our state. Our bond issue yielded annually $500,000. It is now spent. What method or substitute shall we find to continue this annual income. For, failing to devise some plan to provide for this need in our Highway Department, we must eventually slip back into the chaos and inertia of earlier years.

Various plans have been suggested. Let us take them in turn and put each, as fairly as we can, to the acid test of figures and conditions and to the even more valuable test of experience in other communities.

1. First proposal: reissue the bonds of the $2,000,000 bond issue as they come due; or, go to the Legislature for authorization of a new issue of bonds, say of $4,000,000, or $6,000,000 to complete our trunk lines.

Now in the first place, our present bond issue did very well, since it was capitalized by an annual revenue derived from a definite source, very intimately associated with the purpose to which the funds were to be devoted. "The automobiles destroy
the roads, why should they not make them or maintain them.” This is a cry universally heard. It is just, and the State of Maine felt the justice of the appeal. But—and here is a strong but—it is infinitely more equitable that a revenue derived from automobile licensing should be applied to maintenance rather than to construction. It is the surface of the road that the motor car wears away and not the bed or base of a road. Therefore keep the motorist’s money to repair the damage that he actually does. And all that he pays will soon be needed—yes, and more too—for the tremendously expensive item of maintenance in our state.

But to return directly to the point in question: the reissuing of the bonds already retired. What are the objections?

1. I believe that neither the originators of the plan nor the people of our state who voted so enthusiastically to authorize this $2,000,000 bond issue, ever meant to issue any more than the original $2,000,000 authorized. The Attorney General of our State has given his personal opinion that such a reissuing of the bonds would be entirely within the law. But, be that as it may, let us be frank with ourselves and the people of our state, and remember the exact understanding under which we secured our bond issue.

2. In the second place, the amount of bonds which might be reissued in any single year would be too small to be of any practical benefit to us whatever. Let us again look at the figures. Of the bond issue of March 1, 1916, $500,000 was put out to run 20 years and mature as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1917, 1918, 1919</td>
<td>$35,000 00 each year.</td>
</tr>
<tr>
<td>1919-1934</td>
<td>$25,000 00 each year.</td>
</tr>
<tr>
<td>1934, 1935, 1936</td>
<td>$15,000 00 each year.</td>
</tr>
</tbody>
</table>

Now this issue of $500,000 is only one out of the four separate issues that have been authorized by our state. Consequently portions of four such issues would be retired annually giving a total of available funds derived from reissuing bonds of from $125,000 to $60,000. A normal figure would be approximately $80,000 or $90,000 for the next ten or fifteen years.
It will be seen at a glance that the proposal offers us no adequate solution of our problem. The sum available would be too trivial to be found of any practical advantage.

3. But the last and greatest reason why we should not reissue our bonds and certainly never for an instant think of putting forth any new and future issue capitalized from these same automobile license funds, is the fact that we need all the revenue which our state derives from automobile fees for the maintenance of our highways.

It costs the State of Massachusetts more than $1,000,000 annually to keep its beautiful highways in condition; other states are spending other enormous sums in proportion to their income and their mileage. If the State of Maine should continue to build highways only at the rate at which we have been building during the past four years—that is 140 miles of state-aid road and 70 miles of state road annually; and if the income which accrues from the automobile tax should increase to $500,000 annually (and this figure is not at all improbable) within the next four years,—we should have, under those new conditions and at the expiration of that time, no more money than we shall need for the annual maintenance charges of our state.

Maintenance—proper maintenance—is the most difficult part of road work which a state finds it necessary to do; and likewise, maintenance money is the most difficult money which it is possible to secure by appropriation. Now, we, in the State of Maine, have wisely adopted the Massachusetts principle of using the funds which accrue to the state from the automobile tax, for the care and maintenance of our roads. We have already compromised a considerable portion of this annual income in payment of the interest on our road bonds and in retiring a certain portion of these annually. The remaining funds are, even under present conditions, lamentably small for such an important and expensive item. Let us therefore be wise for the future day and generation. Let us have our automobile tax income alone and untouched for the great
need of future years. We shall gain nothing by lengthening the period during which the present heavy charges are made upon this fund; we certainly shall never be silly and short-sighted enough to issue additional bonds, for the capitalizing of which funds must be annually drawn from this very valuable and useful source of income.

III. IF NOT ANOTHER BOND ISSUE, WHAT THEN?

There is, at the present time, a small group of men who advocate a new and entirely unattached bond issue, of—we will say—$4,000,000 to $6,000,000 to be used in the completion of our trunk lines. “Other states are doing this, why should not we?” they say. We have abundant examples before us which might serve as a precedent. Now, it is probably true that the proponents of this plan have, in some way or other, failed entirely to properly gauge the temperament of the Maine people and to understand our constitutional limitations.

First, the laws of our state forbid the issuing of bonds by the State for any sum in excess of $300,000. Our forefathers did not propose to permit this state to burden itself with heavy debt which posterity must pay. Of course a bond issue is entirely possible, if the people need it or desire it; it is only necessary to amend our constitution. And indeed this was done four years ago when our $2,000,000 bond issue was granted by our legislature and accepted by referendum of our citizens. The proportion of proponents to opponents was 4 to 1. But that was different—entirely different. The whole voting population of Maine understood clearly that that bond issue was exceptional and unusual. The adoption by the state of the amendment to issue the $2,000,000 was the exception which proved the general rule, for this issue was to be capitalized and the interest assured for all time, by the proceeds from the automobile tax and license fees. Not one dollar was to be raised by direct taxation. Hence this tentative amend-
ment to our constitution was felt to be entirely in accordance with the spirit of our constitution and the temperament of our people. If, now, a general bond issue should be seriously proposed, the interest and retirement fund for which was to be paid by direct tax, the result of the necessary referendum vote would unquestionably be totally different. The proportion of 4 to 1 would probably be reversed. For there is a general desire among the citizens of Maine to do what we can afford to do,—and pay as we go. We do not want to have a burden of debt for our descendants—especially if that debt were incurred for something that they cannot enjoy. Accordingly, if these assumptions are right, let us neglect entirely all argument either in favor or against a new bond issue.

We have now left for our consideration only two serious propositions—two definite plans for the raising of sufficient funds to complete our highway construction. And, in reality, these two plans are quite similar in character. The only marked difference between the two is the method to be employed to raise the money. Otherwise they amount to the same thing.

The two proposed plans are:

I. To raise the necessary sum of $500,000 annually by direct grant from the Legislature.

II. To raise this sum by the mill tax.

1. $500,000 for Annual Use by Direct Grant From the Legislature.

While, on the surface of the thing, this plan appears easy and practicable, those familiar with legislation would shun this plan with exceeding caution. And the difficulty lies not in legislative enactment and practice theoretically and per se, but rather with legislation and legislatures considered from their practical side. As popular as the cause of good-roads is in the State of Maine, the old and wise heads know that it would be exceedingly difficult to obtain a grant of $500,000 for a period
of two years, to say nothing of the difficulty of obtaining this
sum for a period of six or eight or even ten successive years.
Conditions and exigencies arise which materially affect the
temper of legislative bodies in sudden and unexpected ways,
and when one of these arises what becomes of your appropria-
tion. We need to seek no more pertinent illustration than the
well known instance at the last session of our legislature in
1915. Bills with recommendation for appropriation of money
in enormous amounts had been flowing in for weeks in spite
of the warnings of Governor Curtis. $1,000,000 or $1,500,000
was requested for bridges alone. Wings for hospital buildings,
homes for aged, etc., etc.—there was no end of such, and each
proponent was dangerously active in the promotion of his plan.
Something certainly had to be done, and Governor Curtis did
it, wisely and well. He said to the legislators: "Gentlemen, as
you are going now, the State will be bankrupt for the next two
years. We raise so-and-so many millions of dollars for state
purposes and that is exactly what we have to spend. Now scale
down your demands so that our total expenditures will not
exceed our total income. Take so much for hospitals, so much
for bridges and so much for other things. I will veto any bill
that carries with it an expenditure of money beyond this pro-
portionate amount. Now go ahead!"

As to the result of this solution of a legislative exigency,
it is sufficient to cite merely the example of the bridge bills
before the legislature. The total demand far exceeded
$1,000,000. The amount which the apportionment plan finally
granted for bridges was about $200,000. It is certainly true that
the demand for bridge construction was exorbitant and need-
lessly great, but a similar fate met many appropriations that
were in no sense extravagant or disproportionate.

Now, apply this actual instance to the theoretical request
from our next legislature for $500,000 annually for the period
of two years. The governor might be fully persuaded of the
real demand for the money and the soundness of the principle
involved. But that would scarcely help the cause, in case of
financial exigency. Your road appropriation would be scaled—and badly scaled,—in the interest of economy. Your much desired $500,000 would dwindle. You might consider yourself lucky if a half or one-third of that amount was appropriated for this purpose. And such a condition might arise in any legislature—every legislature.

The result of such a method of raising a necessary and permanent fund for annual use could not fail to be disastrous in the end. This appropriation—like hundreds of others—would be thrown into the hopper for the biennial legislative grinding, or, to use another figure which has so frequently been used in regard to our prohibition amendment, would be made a foot ball for personal and party ambitions. And such a statement does not discount or belittle in any way the character of the legislators themselves. They are human and subject to human conditions.

Now, let us all reflect for a moment. The development of the roads in Maine has become recognized as a sound and sane economic principle. We believe in the principle. Furthermore, time is an element of actual moment, for our neighbors have not only accepted the principle—that is easy enough—but have built the roads. We shall soon be too late to profit materially by the expenditure.

And then, too, there are other and vital objections to the direct grant by the legislature. For example: provided a grant of $500,000 for two years were made by the next legislature, unless the emergency clause were attached, the first $500,000 would not become available until ninety days after the bill was passed or in other words until about July first. The Highway Commission—ignorant as to what would be granted—could make no plans before the first of May. Then all the engineering must be done, contracts let, and working crews organized. It would certainly not be earlier than August or September that any work could be done that year. And this same condition must prevail every second year. It does not take a very keen intellect to discover that under such haphazard plan as
this no progressive and effective scheme of highway construction could ever be developed either in Maine or in any other community.

No; this will not do. For, in order to plan our highway work with intelligence and foresight for a period of eight, ten, or even twenty years to come—and this must be done if we wish to attain results in the proper time and at the least possible expense—we must so arrange our grants that the money which we can afford to devote to each department of our highway funds may be regular in amount, properly assured, and anticipated for a series of years. Let us now make our plans for at least ten years to come. And, furthermore, let us so provide for the raising and appropriating of the necessary funds that our highway authorities—whoever they may be—may see their way clear to plan for a proper and complete solution of our highway problems. And, last but in no sense least in importance, let us see that we have properly provided for the ever increasing costs of adequate maintenance.

IV. THE MILL TAX PLAN.

It is almost like inviting criticism and opposition, at the very outset, to assert that the mill tax plan for raising revenue for the completion of our trunk highways seems to be the ideal and practicable solution of our highway problem. The assertion is made. Let us see if we can prove our point.

Road construction and road maintenance are two items of state economy which must go on forever and forever. They have always been with us since the march of civilization began. There is no cessation in the process. The highway is built. A few years pass and the road needs rebuilding or repairing. And so the process goes on and on. And, as in the case of our schools, (the similarity is actual and absolute) roads, road construction and road improvement go on continually. And like our schools, the planning of the work upon our highways should be anticipated years in advance. The money required to ac-
complish this necessary economic work should be provided for years to come. If your administrative department is wise and clean, there is no question of attaining the desired results in a reasonably brief time and with a normal expenditure of the commonwealth's resources.

The only rational method of providing for such a comprehensive task as this, is to adopt in the beginning a plan which will—as far as is possible under human conditions—provide the means necessary to the accomplishment of this purpose automatically and for a long period of years in advance.

In such a manner we provide for our schools. A school system whose development was dependent absolutely upon the moods and whims of any legislative body under the sun, would be but a semblance of a system. No one recognizes this principle more quickly and completely than the legislators themselves. And therefore they provided for the permanence and stability of our school system by raising the necessary funds for this purpose on the basis of a mill tax. In Maine we raise annually a state tax of 5 mills; 3 mills of this sum goes to our educational system,—the largest proportional sum, by the way, that is raised exclusively for educational purposes in any commonwealth in our land. This speaks well for Maine.

As has been said before, it is exceedingly doubtful whether the citizens of this state would ever approve another issue of bonds; it is exceedingly doubtful if a bond issue would be desirable even if it could be authorized. And the reason is not far to seek. A public highway is not a permanent improvement (with the accent on the word permanent). Certainly not in the sense that a state capital, a courthouse, a magnificent public aqueduct or a great dam are permanent improvements. And certainly not in the sense that school buildings are permanent and fixed improvements. For the buildings, or objects last mentioned, bonds in any reasonable amount are justifiable and usual. But public highways are on a different plane, as is best shown by the attitude of the banking houses toward them. It is an exceedingly difficult task to underwrite an issue of road bonds.
for a period longer than twenty or twenty-five years. Certainly is this true if one desires—as every state would desire—to float its loan with the largest possible return to the state and to the buyers of the bonds. This fact is a well recognized one among bond houses, and the reason governing this is the fact that capitalists hesitate to float loans for something that will not be in existence when the bonds are still bearing interest and the retirement nowhere nearly complete.

For these reasons, the claim that public highways are not permanent improvements is a real claim and not a quibble. Of course, wealthy communities or communities which desire to complete great amounts of highway improvement within a brief period, do frequently resort to the issuing of bonds today. But the less wealthy and more conservative communities are becoming more and more fearful of contracting such great public indebtedness. And Maine certainly must be included in the latter class.

If the above theory is sound—and it certainly seems that the citizens of the State of Maine are fast coming to entertain this view—we can insure stability and permanency in our highway policy only by providing financial support which is—as far as can be foreseen—sufficient in amount for our annual use, regular in its appropriation, and as secure as possible from the dangers and uncertainties of legislative action.

There are various reasons why this mill tax plan is admirably suited to our road situation in Maine.

First, the revenue from a tax of one mill on the assessed valuation of our state at the present time would yield approximately $500,000 annually. This is based on the actual state valuation today which is $535,000,000. This annual income of $500,000 would almost exactly correspond to the amount which has been available for trunk line construction from the proceeds of the $2,000,000 bond issue. Under the law, this $2,000,000 was available in the maximum sum of $500,000 annually for a period of four years. Owing to the fact that necessary surveys and preliminary work absorbed so much of
the time and energy of the engineering force during the first year, only $300,000 of the first annual appropriation was expended. There remains a small surplus of something less than $200,000 unexpended but, even in this case, provision has already been made for the expenditure of a large part of this remainder.

Second, the strongest argument in favor of the mill tax plan is that it promises a more regular and fixed income for this very necessary item in our highway expenditure. This is clearly true of the mill tax as applied to our school funds. Is it not equally true that when once the principle has been definitely settled as state policy, the mill tax for roads will stand upon our statute books for generations to come? Successive legislatures will no more think of meddling with the mill tax for highways, than they would of revoking the mill tax for our school funds. Once adopted, the necessary statute would be voted as regularly and naturally as the legislature met.

Third, this regularity of income would lead to permanency in policy and consistency in development in our highway work. Granted that the income was morally secure, our highway authorities could plan for years to come for future work in the department. From such a source would follow important economies in construction, which would be entirely impossible of accomplishment in case the income and appropriations were variable and uncertain. And, furthermore, the final completion of our trunk line system would be significantly hastened. The almost inevitable delays caused by uncertainty of legislative action, would retard steady progress at least once in every two years.

There is a last and final reason why the mill tax is admirably adapted to the needs of our road conditions and the temper of the citizens of Maine. Should we adopt this principle, we would have the delightful satisfaction of knowing that our debts are paid. The "pay as you go" policy has never been improved upon since the world began. It is the fundamental principle upon which our state financial policy was based, other-
wise the clause which prohibits the issue of bonds in excess of $300,000 would never have been inserted into the constitution of our state.

We do not need to issue bonds. As will be proved, I think, in the next paper upon this subject, we are abundantly able to raise an annual revenue of $500,000 without materially increasing the state tax,—probably without raising it at all:

If these assumptions prove to be true, we do not need to resort to extraordinary means to raise our highway revenue. We can do it with comfort by a mill tax. And when once we have worked under this sane policy for a series of years, we shall never seek any other method. The highways which we have constructed will be ours—ten years hence we may say that they are built and they are paid for. We have not accumulated a heavy burden of debt for posterity to pay.

V. WHAT A MILL TAX MEANS,—AND ITS APPLICATION TO THE TRUNK LINE PLAN.

For various reasons, conditions in our state were never more advantageous to the adoption of a mill tax for the construction of highways, than they are at the present moment. Our state is free of debt—other than that properly and legally covered by our income. The last legislature was generous in providing funds for public buildings and charities; yet it was exceptionally economical in its appropriations. All this work has been completed and the bills are paid. Our state finances were never in better condition.

Now there will be demands made upon the next legislature—many of them and some for large amounts. But it does not seem that demands for appropriations in any sense comparable with the flood of bills presented at the last session, could possibly be made. In fact one of our greatest sources of perplexity and extravagance has been removed by the adoption of the bridge bill, which now assesses community, county and state in just and fair proportion for the construction of our
bridges. With proper economy, there must be a splendid opportu

portunity to diminish general appropriations by a large amount in

the manner described above.

But there is another favorable omen. If we may believe

common report, emanating from authoritative sources, the

assessed valuation of our state will show a marked increase next

year over previous years. Instead of $535,000,000 we may and

probably shall show a total valuation of $600,000,000—perhaps

even more. But let us be conservative in our estimates and use

the original figures.

Now if we may rely upon these two items to come to our

aid next winter—viz, normal economy and natural increase in

state valuation—we may readily vote to raise a tax of an addi

tional mill in our state to complete the work that has already

been begun, without materially raising the rate of our state tax

and consequently without increasing the personal burden of

taxation upon the individual citizen.

Our present rate is five mills, three of which go to educa
tional purposes. Now it is not thoroughly well understood that

the addition of one mill may be made to our state tax without

increasing this tax itself. But this is actually true. The rate

of taxation (state tax) is based upon the amount to be raised

in order to meet our state obligations. That is, the sum of five

mills is not set arbitrarily by our state assessors as a state tax;

not at all. The number of mills to be assessed by the state is

computed by our assessors upon the ratio of the amount appro priated by our legislature to the total assessed valuation of our

state. Or in other words, if the total annual expenses of our

state from all sources were (we will say) estimated at $2,600,000

and the assessed valuation of the state is $535,000,000, our state

assessors will raise the money necessary to pay the state's bills

by assessing a tax of five mills upon all the taxable property in

Maine. In this way we cover our expenditures and meet our

financial obligations.

Now two causes or factors may serve to reduce the rate:

the first, is a reduction in appropriations or expenses; the sec-
ond, an increase in valuation. As we know well from local conditions, the tax rate is not necessarily a fair barometer of municipal affairs for some towns maintain a low valuation and a high rate while others hold to the principle of keeping the rate well down while valuation is held high, sometimes as high as 80% of the actual value.

From this simple explanation it will be seen that it is perfectly possible to add another mill to our state tax without increasing by a dollar the amount assessed upon the taxpayers in our state. The time is ripe for this important step since the valuation is going up and never were we in a more favorable moment for practicing economy than at the present.

We may now see how justly a revenue obtained from such a source may be applied to the construction of our trunk lines.

Our state-aid roads are constructed from a fund appropriated, in part by the community which desires to build the road; in part by the state, which comes to the aid of the community. This is a wise and safe principle of construction; the method carries with it its own checks and its automatic safeguard.

But the great trunk lines of a state are constructed for a different purpose. They are the very necessary main arteries of travel which furnish the pathway of intercourse and trade, throughout our commonwealth and our nation. The general acceptance of this basic principle of trunk line construction is of the utmost importance in the economic development of our wide land. The unquestioned value of such work may be proved readily on historical grounds; it may be established indubitably as a sound economic principle on the basis of facts and figures readily obtainable. It would be fair therefore to accept this statement here without further proof or argument.

And, as we have noted, trunk lines (or as we term them) state roads are constructed for a purpose that is very different from that which prompts us to build state-aid roads. The latter are of enormous value but local in importance; the trunk
lines are laid out and constructed for the common good of all—they furnish the great connected lines of travel throughout our state to citizen and to stranger; they are the paths which are for the use and enjoyment of all in common.

What plan, therefore, could be more just and equitable than that these trunk lines should be built from a common fund, raised from the widest possible sources and applied to a common use for the universal good of all. By this plan the various cities, towns, townships and plantations pool their interests and unite to promote a common good. It is communistic or socialistic doctrine directly applied. All the multitudinous interests of a commonwealth share in contributing their just and fair proportion to this common fund; each unit gives in accordance with its ability and power. And what lends to this plan its largest element of justice is the fact that the greater and wealthier communities give proportionately much larger shares to this common fund than their smaller and less fortunate neighbors. Under the trunk line system, a community with wide area and low valuation may need a proportionately much greater part of the common fund than the cities which possess limited areas, compact population and very great valuation.

To illustrate by a concrete example. The great cities of our state—or more properly stated—the denser centres of population pay approximately 65% to 70% of our state tax; the agricultural communities from 30% to 35%. Now, if the present plans for trunk line construction are carried out—and they are sound and practicable—the agricultural communities of our state will receive about 72% of the total number of miles to be constructed. The unselfishness of the plan is apparent on its face. And yet, the whole plan is eminently just to all parties. Under any other method, wide sections of our state's area must remain for decades undeveloped. If Somerset county—for example—were obliged to wait until it could afford to construct, out of the county's own purse, the great and very necessary highway from Skowhegan to Jackman and the Canadian border, it would wait many years, and one section of the road
might well be worn out long before the last could be constructed. And yet, Somerset county needs this road badly in order to encourage agricultural, industrial and social progress; the whole country needs this road as a pathway between the United States and Canada. And here the justice of the trunk line system of construction applies directly. The state steps in and says: "We will assume the cost of constructing this road, for it is a highway that serves a common need." And so it is that the state sends out these long slender lines of communication into the most distant corners of its area, in order to develop the riches of these areas and to tap these otherwise inaccessible sources of our wealth. Not one of these lines would ever be consistently developed, did not the state take the guiding hand in doing it. Thus we open up the remote and inaccessible region to the advantages of trade and travel, to education and business, to a wider social and religious life—in fact, to all the inestimable advantages which contact with the world can give.

To what more fitting object could we devote a revenue derived from a mill tax? The advantages which result from years of construction will accrue to the widest and most diversified interests of state and nation; the tax itself falls with uncommon justice and fairness upon the total assessed valuation of the whole state. Each community contributes its share in proportion to its economic ability, while the state itself—as the agent of distribution—apportions and expends the revenues thus accruing with an eye single to the present and future needs of the commonwealth at large. Certainly it would seem that the mill tax plan would furnish an ideal solution for our present highway problems.