

The Drive for Dollars: How Fiscal Politics Shaped Urban Freeways and Transformed American Cities

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Freeways are the centerpiece of most Californian and American metropolitan transportation systems, a feature that distinguishes U.S. cities from almost all others. Comprising only a small fraction (6%) of urban road lane mileage, freeways carry over one-third of American, and nearly half of Californian, urban vehicle travel. While freeway construction and expansion largely ended by 1980, driving on freeways is more popular than ever: Travel on urban freeways increased 230% between 1980 and 2015.

While they are phenomenally effective, and relatively safe, movers of vehicles, freeways in cities cause problems that transportation officials today are struggling to cope with: traffic congestion, crashes, noise, and vehicle emissions. Noisy, hulking, polluting urban freeways pose significant public health hazards for those who live, work, and play near them — who are disproportionately lower-income and people of color.

How did America and the Golden State come to mass produce urban freeways, particularly Interstate Highways, in the three decades following World War II? How did we finance this massive public expenditure, which at the time was the largest infrastructure project the world had ever seen? And what role did finance play in the system's successes and failures? The answers to these questions hold lessons for transportation finance and planning today.

Key Research Findings

Who should pay for roads and how they should pay for them has long vexed transportation policymakers.

Durable, quality roads required both engineering advances and a way to pay for them. Work requirements, tolling, special assessments, and general revenues all proved problematic, leading to the widespread adoption of fuel taxes starting in the late 1910s. As a “user fee,” fuel taxes were initially popular and widely seen as fair. Consequently, fuel taxes were collected first by states and later by the federal government — not by cities or counties.

A century ago, cities were overrun by new motor vehicles. This quickly overwhelmed urban street systems.

In response, transportation engineers developed rules of the road and traffic signals, straightened and connected streets, regulated parking, and built larger boulevards and arterials. But more cars kept coming, so planners began developing a new kind of road to keep traffic moving — the freeway.

Urban transportation planners and rural highway engineers envisaged very different sorts of freeways to solve different sorts of problems.

Urban transportation planners began planning networks of expressways that were smaller (four to six lanes), slower (around 50 mph), and in much denser networks than today's freeways. Sometimes they included public transit. Rural engineers began designing freeways as well, but theirs were high-speed facilities (around 70 mph) designed to attract and safely accommodate intercity traffic through rural areas.

The rural freeway model won out when major freeway systems were funded by California and the U.S. In 1947, California significantly increased its fuel taxes to fund new highways; in 1956, the federal government did the same to fund the Interstate Highway System. To attract the votes of urban legislators, the 1947 and 1956 bills committed to building freeways in metropolitan areas. Further, because fuel tax revenues were collected and controlled at the state and federal levels, state highway departments which had previously focused solely on rural highways were put in charge of both rural and urban freeway construction.

In both California and the U.S., the “trust fund” system sequestered all fuel tax revenues for transportation. This was key for mollifying drivers and “auto interests,” but the resulting torrent of revenue led to a hastily planned and built — and in some ways overbuilt — system. Also, this system of funding led to plans for including public transit being dropped from urban freeways.

Mass production of rural-style freeways in cities quickly proved a problematic fit, and the freeway coalition fell apart. As state highway departments implemented their vision, plans for separate facilities for streetcars and trucks and dense networks of smaller-scale, lower-speed roadways were dropped. The displacement of homes and businesses to accommodate the wider and sparser high-speed highways proved both expensive and unpopular. As a result, many planned urban freeways were never built, so more capacity and elaborate interchanges were added to the freeways that did get built, making them even bigger and more invasive.

The fuel tax is running out of gas, and replacements are still being auditioned. Because it is levied per gallon, the buying power of fuel taxes wanes with inflation and rising fuel efficiency. Increasing fuel tax rates to keep pace has proven a very heavy political lift. With the collapse of the freeway consensus, the California fuel tax rate did

not change between 1993 and 2017, and the federal fuel tax has not been increased since 1993. Thus, their buying power has atrophied, particularly at the federal level — a problem that is becoming more acute with the rise of electric vehicles. We increasingly rely on borrowing at the federal level and local option sales tax increases at the local level to make up for the waning buying power of fuel taxes.

Transportation today is at a (fiscal) crossroads. The story of freeways is a story of finance leading planning, and this dynamic endures today. Voters approve local option sales tax increases to build lists of projects that bypass many established planning processes, and revenues from sources unrelated to transportation are earmarked in California for an enormously expensive and underfunded high-speed rail project. California continues to contemplate more general revenues for transportation and emphasize big new projects instead of implementing new forms of user-pays finance focused on maintenance and better management of existing systems. It behooves us to learn from the freeway experience and be mindful of how fiscal politics shape both transportation outcomes and metropolitan areas.

Further Reading and More Information

This policy brief is drawn from [*The Drive for Dollars: How Fiscal Politics Shaped Urban Freeways and Transformed American Cities*](#), published in 2023 by Oxford University Press by Brian D. Taylor (UCLA), Eric A. Morris (Clemson), and Jeffrey R. Brown (Florida State), all of whom are alumni of the UC Institute of Transportation Studies. For more information about this research, please contact Brian Taylor at btaylor@ucla.edu.

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