retary of Transportation, in January of this year, in announcing the Federal-aid highway obligation levels during calendar year 1968 will be held approximately 5 percent below 1967; and to prevent future action of this type by any administration, I have introduced H.R. 14932, which I hope will receive, or legislation similar to it will receive, early approval by this subcommittee and Congress as a whole.

The net effect of the action which has been taken by the Department would be to hold back $600 million of available moneys in the trust fund during calendar year 1968.

The reason given for the action was that it was necessary to combat general inflationary tendencies in the economy.

It is obvious that this move can only fail in its stated purpose, and it will also subvert the true purpose of the trust fund.

The Federal-aid highway program is financed on a pay-as-you-go basis out of highway trust funds, not the general fund.

The funds not spent in this program cannot be directly used in other areas to meet the demands of spending in those areas.

The dollars which go into the trust fund are taxes paid by highway users, and are earmarked for the sole use of the highway program.

As I have said so many times in former language, it is a bought-and-paid-for program.

I have stated that these funds could not directly be used in other ways. However, it is my understanding that any money in a dedicated trust fund in excess of working needs not used for trust purposes is required to be invested in Treasury bonds.

Thus, it develops that these excess funds are borrowed by the administration and, practically speaking, then becoming available for other spending programs.

To me, this is a most unfortunate and harmful misapplication of these earmarked funds. These had been entirely placed in the fund by citizen users of the Nation's highways. I believe that such a diversion could virtually be considered a violation of the trust.

In addition to the argument that this amount could be a misapplication of these funds, there are persuasive arguments that it is a fallacy to believe that a delay in the program will result in monetary savings or act as an inflationary check.

Cost of highway construction is increasing daily. In many cases, the bonding programs are being used to speed up needed highway construction on the premise that the cost of interest is nearly parallel to the rising cost of construction.

Also, the uncertain position into which contractors, laborers, State highway programers, and allied industries are put into this sort of stop-start manipulation of the program cannot help but boost the final, total cost of the program.

In this sense, the freeze of the funds could actually contribute to inflationary trends, rather than lessen them as claimed by the President.

The Governor of my State as well as our interim highway commission have well advised me on a number of occasions of the tremendous impact of these cutbacks that are in our State.

The Governor has pointed this out to me in a letter dated January 23 and May 11 of this year, and the highway commission has seen fit