Gallatin’s plan was never realized, and federal support for internal improvements never materialized, with a few exceptions like the National Road—approximately today’s U.S. 40—the Chesapeake and Delaware Canal, and the breakwater in Lewes, Delaware. Centrally planned systems of internal improvements did not reemerge until the early 20th century highway program.

**American Federalism**

Although most U.S. infrastructure systems developed from the bottom up, the national government still played an important role. For example, the federal government provided enormous subsidies for the development of the railroad system in the 19th century, giving away 131 million acres of land as an incentive to build out the network (2). But this is not the same as centrally planning a whole system.

Similarly, the federal government allowed AT&T’s monopoly over telephone service for much of the 20th century, yielding a system that was centrally planned and developed. But again, this is not the same as the federal government planning a whole system.

The highway program also developed in the context of American federalism, with significant deference to states’ rights and responsibilities. Federal-aid highways are owned and operated by states. Federal financial aid was for capital costs only, restricted originally to initial construction and later expanded to include reconstruction and rehabilitation. States then and now have the option to forgo federal funds and escape many federal regulations governing highway planning, construction, and operation—although none do.

**The Interstate as an Exception**

Many have come to view the dominant federal role in the Interstate system as normal, because it was the norm for the past half century. Yet compared with its role in other major systems in the nation’s history, the federal role in the Interstate system is exceptional.

The Interstate is exceptional in another way. The program commanded widespread support from Congress and the states for almost four decades, from 1956 to the early 1990s. The total cost of the system in 2001 dollars is $418 billion. During that time, the Interstate program was subject to almost no earmarking of projects. No other federal capital program survived as long without becoming the target of legislative earmarking.

**Eroding Consensus**

This exceptional period, however, appears to be drawing to a close. The recent reauthorization bill, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, contained

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**China’s Central Planners and the History of the Interstate**

In 1996, a delegation from the State Planning Commission of the People’s Republic of China visited Stanford University in California for a course on the development of market economies. The approximately 20 participants represented a variety of areas within the commission, with expertise in finance, economics, planning, and engineering.

The Chinese economy at the time was emerging from decades of a powerful central planning approach to governance. The Stanford program included lectures on the development of two of America’s major infrastructure systems, the electric power system and the Interstate Highway System.

Chauncey Starr, the founder of the Electric Power Research Institute, lectured first on the development of the U.S. electric power system. Asked afterwards about the lecture, he commented, “They just didn’t get it. All morning they kept asking, ‘Where was the plan? Where was the plan?’ ‘There was no plan,’ I told them. ‘The system developed from the bottom up. Only later did it grow into today’s integrated national system.’ But they wouldn’t accept that there wasn’t a plan.”

The next lecture on the development of the Interstate system met with a different response. The lecture described the development of the primary highway system beginning in the 1920s, when the Bureau of Public Roads provided a 50 percent match of funds for highways on the federal-aid system. The delegates’ questions immediately turned to the concerns of central planners: “How was the mileage allocated among the states?” “How was financing allocated?” “How were designs and construction monitored and controlled?” “How were location decisions made?”

What was the difference between the electric power system and the Interstate system? One was centrally planned, and the other was not. To the delegates of the world’s then-largest planned economy, that distinction made all the difference.

—Jonathan Gifford