

From

Date

Flotsam and Jetsam

BY L. B. RUSSELL

Note—The proceedings in the suit against the American Road Company settled last week by confessed judgment in the part of the Company are perhaps difficult for many to understand fully, and the following editorial from the Star-Telegram of Fort Worth places the whole matter so simply that he who runs may read and comprehend. It is a fair and unbiased statement of facts without dodging or hedging and ought to be read by every voter, and I yield all my allotted space to it for the general information.

THE HIGHWAY COMMISSION SHOULD RESIGN

The \$600,000 confessed judgment in the American Road Company trial at Austin Friday proves abundantly practically every allegation set up by Attorney General Moody in his suit—and more. It proves that for one thing there have been unbusinesslike methods, reckless extravagance and waste of the people's money in the management of Texas highways. It proves that the present highway commissioners are not fitted for the offices they hold and have not discharged the duties thereof as the public has a right to expect and that the responsibilities of their office require. However, in justice to Col. John H. Bickett Sr., it should be said that he was not a party to the negotiations of the American Road transaction, the minutes showing him present and not voting. But as a highway commissioner Colonel Bickett was under the responsibility to inform himself of such transactions and to prevent them when he thought they represented a waste of the people's money.

The public need only keep before it a few of the outstanding facts proven and admitted in this case to get a correct picture of the Texas highway situation. Let's examine them just for a moment:

Work of resurfacing 400 miles of state highway was awarded the American Road Company without even the semblance of a contract—on a mere letter instructing it to do the work at a price of 30c per square yard. No bond of any character was required or even mentioned, as proven by the testimony, and the total amount of the work was \$1,720,000. Can any one conceive of prudent business men awarding \$1,720,000 worth of work without any contract and without any bond to require the fulfillment of the terms?

The price of 30c a square yard not only was proven to be excessive and exorbitant by experienced contractors, but was admitted on the stand by the principal defendants themselves. Whitaker Broadnax, vice president of the American Road Company, testified under oath that the price for one surfacing was excessive and the profits of the company had grown so big he did not know what they were and, furthermore, did not want to know. E. E. Heyser, another official of the company, testified that the company did not bid 30c a square yard, but that the price was suggested by Chairman Lanham of the commission. Asked as to why no bond was required, he frankly stated that the commission had suggested none and therefore he saw no reason why the contractors should offer any.

When this suit was first launched the Highway Commission set up the plea that the agreement contemplated a second surfacing of all roads and when this was done the company would make but a bare 5 per cent on the deal. Both Broadnax and Heyser testified that they were now willing to resurface all roads, if necessary, and that they had contemplated having to resurface some of them. However, their own testimony showed that the only road resurfaced was that in Bell county. And other evidence showed that the State had paid final estimates on the work as done and that the company had paid two dividends, one of \$200,000 and another of \$319,000. The checks for this latter dividend, however, were turned back to the Attorney General uncashed and since have been held in escrow in a Dallas bank. This testimony is convincing proof that no second surfacing of the work awarded the American Road Company was originally contemplated.

The American Road Company deal, while perhaps the largest, is only one of many handled by the Texas Highway Commission. Suits against others already have been instituted by the Attorney General and maintenance contracts in a number of counties have been cancelled. If other suits should reveal transactions approaching in any way those of the American Road Company the waste of the highway funds is enough to make any taxpayer shudder.

Something must be done and done immediately to restore public confidence and to protect the cause of good highways. Otherwise, the tax-

payers of the State, thoroughly disgusted, will refuse to support bond issues and refuse to pay taxes for the cause of good roads. Likewise, what has already been done in the way of road construction and maintenance will have been lost. There is no sound reason why either eventuality should result. There are plenty of men in Texas thoroughly capable of operating the state highway system on a basis of good business procedure, common sense and protection of the taxpayers' interests. Surely some of these men can be induced to step in at this critical stage and protect the State. Revenues from automobile taxes will become available shortly after January first. The Highway Commission will have the money to maintain the roads it has already constructed and to carry out many of the projects already approved. There is no excuse for taking the attitude that the highway system will suffer by reason of the suits instituted by the Attorney General. There is no excuse for the public allowing the Highway Commission, because of its naturally resentful attitude at having its own folly and wasteful methods exposed to the public, laying down on its job, refusing to maintain the roads and blaming it all on Attorney General Moody, as Chairman Lanham has sought to do.

Attorney General Moody is in no wise to blame for anything connected with the Texas highway situation. The charge that his suits have tied the hands of the commission, or will prevent the maintenance and construction of roads, is mere nonsense. It is but a smoke screen thrown up to obscure the real issue and the real facts in the case.

Attorney General Moody, if he never tries another suit growing out of the highway situation or never recovers another dollar for the State as a result of such suits, has rendered Texas a great service already. He has proven everything he set out to prove. He has uncovered mismanagement, waste and loose business methods to say the least, in the handling of highway funds. And he has recovered \$600,000 in cash damages for the State cancellation of contracts that would have piled up more excess profits, and only one suit has been tried. In other words, the Attorney General has merely started. This is a service that the taxpayers of Texas should appreciate to the fullest. Mr. Moody had great pressure brought to bear upon him to induce him not to proceed with the trial of the American Road Company. He could have settled the case out of court. Not only that, instead of being assisted by the Highway Commission and the Governor's office in his laudable efforts to recover money for the State, they sought to hamper him, even by appointing outside attorneys and paying them out of state funds to resist his suit. The Highway Commission and the Governor claimed the American Road Company contract was an advantageous one for the State; that the price was not excessive nor exorbitant, but hopelessly reasonable. Now we have it from the sworn testimony of the defendants themselves that the price was unreasonable and exorbitant; their own profits so excessive they cared not even to look at them. Their only defense was that clear, dry weather and an abundance of cheap labor made these enormous profits possible.

All of which gets back to one point: that the present Highway Commission, particularly Chairman Lanham and Commissioner Burkett, who handled the American Road Company unfitted to discharge their duties a new Highway Commission is needed immediately and the men appointed should be of outstanding ability. The roads must be maintained and the enormous investment they represent protected by such maintenance.

After the disclosures in the American case, the public has little assurance that it may expect such results from the present commission.