Private Highways in America, 1792-1916

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Fifteen years ago only technology aficionados and laissez-faire idealists entertained the notion of private highways. Today, however, public officials and entrepreneurs are struggling to make the notion a reality. Four private highway projects are underway in California and many other states are following suit.

The notion of private highways, which would seem fantastic to our parents, was commonplace to our great-great-grandparents. Initiated in the 1790s in the growing Republic, these roads stimulated commerce, settlement, and population. During the nineteenth century more than 2,000 private companies financed, built, and operated toll roads. States turned to private initiative for much the same reason they are doing so today: fiscal constraints and insufficient administrative manpower. Knowledge of our toll-road heritage may help encourage today's budding toll-road movement.

Table 1

Turnpike Incorporation, 1792-1845

State	1792-1800	1801-10	1811-20	1821-30	1831-40	1841-45	Total
New Hampshire	4	45	5	1	4	0	59
Vermont	9	19	15	7	4	3	57
Massachusetts	9	80	8	16	1	1	115
Rhode Island	3	13	8	13	3	1	41
Connecticut	23	37	16	24	13	0	113
New York	13	126	133	75	83	27	457
Pennsylvania	5	39	101	59	101	37	342
New Jersey	0	22	22	3	3	0	50
Virginia	0	6	7	8	25	0	46
Maryland	3	9	33	12	14	7	78
Ohio	0	2	14	12	114	62	204
Total	69	398	362	230	365	138	1552

Source: Klein & Fielding, *Transportation Quarterly* (1992)

The Turnpike Heyday, 1800-1825

Once the state of Pennsylvania chartered a private company in 1792 to build a road connecting Philadelphia and Lancaster, rival states felt impelled to follow. Private initiative was the only effective means of providing new highways, because state and county finances were almost nonexistent and town resources were meager. Private control and user fees were bold steps, but once taken, states could only continue to move forward. In an age before the canal and railroad, legislators were willing to test community and political custom to get highways built.

The turnpikes were financed by private stock subscription and set up to pay dividends. Built with a surface of gravel and earth, turnpikes were usually 15 to 40 miles in length, and cost $2,000 per mile to build. They were massive undertakings and relied on widespread investment from the

community. Stock purchased was more like a contribution to community improvement rather than a business investment. Some travelers objected to the idea of paying tolls, particularly to a corporate monopoly. Legislators, often suspicious of corporate motives, wrote extensive (and economically debilitating) restrictions into company charters, specifying conditions for construction, maintenance, and toll rates, and toll collection.

The progress of turnpike incorporation is shown in Table 1. Only Pennsylvania, Virginia, and Ohio subsidized their turnpike companies; New York chartered the most turnpikes. The opening decade of the nineteenth century saw the most charter activity, though roughly one-third of the companies chartered failed to construct a single mile of roadway.

The unprofitability of turnpikes soon became obvious. The vast majority of turnpikes paid only very small dividends or none at all. First, toll evasion was rampant, as people would circumvent tollgates . a practice known as “shunpiking.” Second, many roads were built in advance of settlement and travel demand was low. Third, legal restrictions and regulations, limiting both toll rates and countermeasures to shunpiking, hamstrung the turnpikes’ abilities to improve their financial situation.

But poor financial returns did not necessarily mean unfruitfulness. Even an unprofitable turnpike stimulated commerce, raised land values, and aided expansion. Therefore, community leaders resorted to a fascinating array of tactics to boost the turnpike cause despite the sad prospects for dividends. Supporters used newspaper appeals, town meetings, door-to-door solicitations, and correspondence to apply social pressure. In this way as in others, American communities relied on voluntarism, as so elegantly described by Alexis de Tocqueville, to meet local needs. The result in terms of turnpike construction in New York is shown in Figure 1.

Canals, Railroads, and Spur Turnpikes, 1826-1845

In the late 1820s canals began competing with many of the major turnpikes. Railroads joined in a bit later. Between 1825 and 1845 turnpike mileage dropped considerably. At the same time, however, the canals and railroads changed the patterns of trade and development, and stimulated new demands for shorter toll roads that would serve as feeders. Table 1 shows that turnpike activity by no means ceased with the advent of canals and rails.

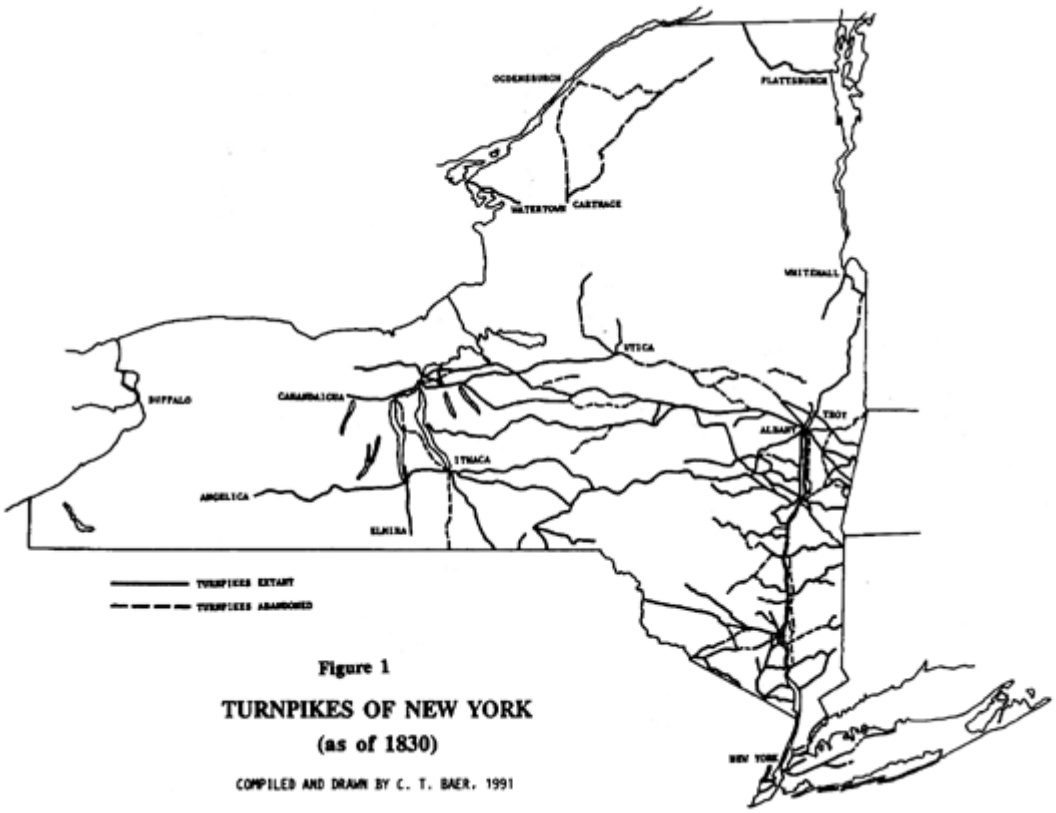

Figure 1

TURNPIKES OF NEW YORK

(as of 1830)

COMPILED AND DRAWN BY C. T. BAER, 1991

Plank Road Fever, 1847-1853

High hopes for a new kind of short feeder road were placed in the idea of plank roads, organized like turnpikes but surfaced with wooden planks. Plank surfacing promised a smooth, inexpensive alternative to turnpikes, which sometimes resembled a river of mud. Plank road fever struck in the late 1840s and thousands of miles of plank roads were constructed.

Civil engineers and enthusiasts predicted that plank roads would last eight years before needing to be resurfaced. Beginning in 1847, rural Americans financed and constructed plank roads in massive numbers. Table 2 shows total incorporation for several states. Figure 2 shows the plank road system in New York.

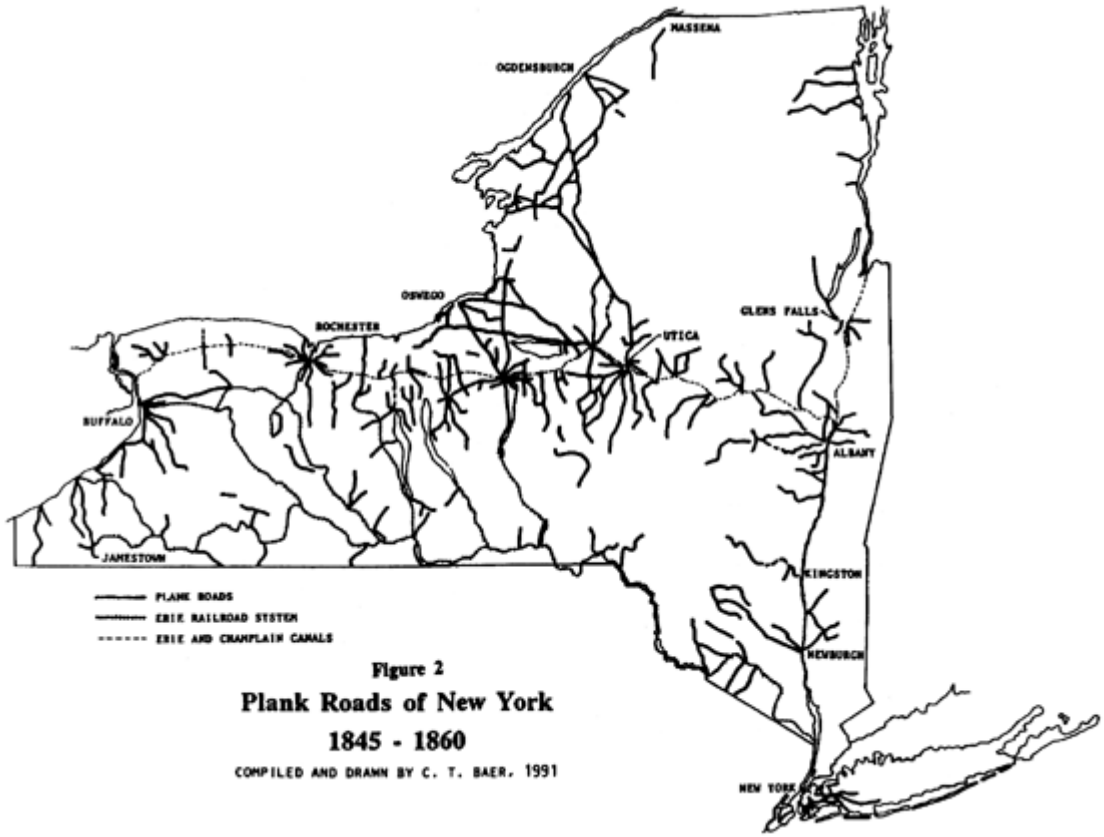

Figure 2

Plank Roads of New York

1845 - 1860

COMPILED AND DRAWN BY C. T. BAER, 1991

But the planks wore out twice as fast as predicted usually within four years. The movement ended as suddenly as it had begun. Most plank road companies folded, while others converted their operations to gravel turnpikes.

Toll Roads in the Far West, 1850-1890

The toll road idea endured to the end of the century. Discoveries of gold, silver, copper, and other minerals in California, Colorado, and Nevada sparked rushes of newcomers. Even before statehood for Colorado and Nevada entrepreneurs organized their own toll road enterprises to serve the mining communities, and some got rich in the process. Well over 360 toll roads were constructed in California, Colorado, and Nevada alone. This experience indicates that private initiative can provide infrastructure for economic development—so long as government respects people's liberty to do so.

The Good Roads Movement and the End of the Toll Road, 1890-1916

By the end of the nineteenth century, state and county governments had grown in capabilities and new agencies began setting goals for centralized highway management. Independent private toll roads were not thought appropriate in the era of progressive governance, and most of those remaining were bought out or shut down. Observed a county board in New York in 1906:

The ownership and operation of this road by a private corporation is contrary to public sentiment in this county, and [the] cause of good roads, which has received so much attention in this state in recent years, requires that this antiquated system should be abolished . . . . That public opinion throughout the state is strongly in favor of the abolition of toll roads is indicated by the fact that since the passage of the act of 1899, which permits counties to acquire these roads, the boards

of supervisors of most of the counties where such roads have existed have availed themselves of its provisions and have practically abolished the toll road.

Table 2

Plank Road Incorporation by State

State	No.
New York	350
Pennsylvania	315
Ohio	205
Wisconsin	130
Michigan	122
Illinois	88
North Carolina	54
Missouri	49
New Jersey	25
Georgia	16
Iowa	14
Vermont	14
Maryland	13
Connecticut	7
Massachusetts	1
Rhode Island	0
Maine	0

Notes: Ohio is through 1852; Pennsylvania, New Jersey, and Maryland are through 1857. Few plank roads were chartered after 1857.

Source: Majewski, Baer & Klein, *Journal of Economic History* (1993).

Conclusion

In 1991 Congress passed the Intermodal Surface Transportation Efficiency Act(ISTEA), which changed the 75-year policy against toll roads. It permits the use of federal funds on toll roads, including ones designed, constructed, and operated by private groups. It sheds the old requirement that states repay federal funds if the facility is transferred to private control. Although highway financing should be strictly private, ISTEA greatly improves the present system, which relies on unpriced highways built and operated by government. Under ISTEA, America might begin to rediscover the effectiveness of private management and the economic virtue of user charges. With new electronic technologies of toll collection, toll roads make more sense than ever.

As we enter the potentially new era of privately managed highways, the historical experience with toll roads offers some important lessons. First, private operation is more flexible, creative, and

motivated to serve than government control. In the nineteenth century, private road companies consistently out-performed their public-sector alternatives. Second, private roads will not be constructed without the prospect of private gain. If governments over-regulate or renege on their promises, private road development will not occur. Finally, infrastructure is an economic good best left to private action.

Private roadways have always made philosophical sense. Now even many public officials understand that they make economic sense as well. []