

THE CASE AGAINST TOLL ROADS

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Regarding toll roads, the only debatable questions are the questions of public policy presented when, in the presence of an accepted system of general highway financing supported by road-user and other forms of general taxes, it is proposed:

1. With prospect of feasibility, to finance particular roads by direct toll collection;
2. To supplement other tax revenue by means of direct toll collection on selected roads.

No one, I presume, suggests the abandonment of the tried methods of road-user taxation for the support of highways generally.

No one, let us say, would seriously propose a resort to tolls as the sole means of financing the construction of a particular highway unless there were a reasonable prospect that the toll collections would accomplish the intended purpose.

No one is likely to deny (certainly, I will not deny it) that sections of highway, here and there, may be found to which there may be attracted a sufficient toll-paying traffic to pay for the construction, maintenance and operation of the particular highways.

And, furthermore, there is no dispute, I believe, of the possibility of collecting toll on certain selected highways and thereby augmenting revenue otherwise procured for the construction of either those selected highways or highways generally.

Pleading nolo contendere to these several stipulations, I am one of many who contend that precisely in the case where it is deemed feasible to finance a particular highway by direct toll collection, it is unwise, as a matter of public policy, to do so.

I also object, on grounds of equity, to the practice of augmenting general tax revenue for highways by direct toll collection on particular highways.

My discussion of the question presented here will be directed to these two points only.

As basis for my remarks I postulate the following:

1. That, consistent with the general public welfare, the utmost freedom of highway traffic to flow over any and all public highways, roads and streets, is a condition which it is desirable to promote; that any act or circumstance that infringes that condition is a deplorable act or circumstance. In this sense only are any of our roads "free roads." In this sense only are what I shall hereafter call "free roads" contrasted with "toll roads."
2. That the aim of government should be to facilitate such a free movement of highway traffic by creating and maintaining a system of public highways, designed in each of its several parts to serve safely and efficiently the traffic freely flowing to and over such parts; and that it should endeavor to accomplish this aim at the lowest feasible cost.
3. That, consistent with the first two of these postulates, each and every section of highway must be regarded as a link in the whole chain and network of highways, and each section should be expected to render efficient service to the traffic freely moving in its course or between its termini.

Proceeding from these postulates, and addressing my remarks first to the question of public policy involved in a proposal, presumed feasible, to finance a particular highway with direct tolls, I hold such a proposal to be unsound and inconsistent with the general public interest.

Here are my reasons:

Whenever such a proposal is advanced you may be sure that two conditions exist. First, there is a large stream of traffic to be served. Second, the existing free highway service is known to be inadequate. Now, these are precisely the conditions which justify and demand prompt and adequate improvement of the existing highway serving that stream of traffic. The route involved is a part of the general public highway system. It is evidently a route of high importance in that system. In the public treasury there are funds, collected from highway users generally, which are dedicated to the adequate improvement of the system in all its parts. Here, then,

upon this route, the evidence shows, is a place where a portion of those funds should be expended now and expended in amount sufficient to afford adequate service to this large stream of traffic.

There is not only a reasonable expectation that such an expenditure will be justified; there is the absolute proof of experience in many similar undertakings that money expended for the completely adequate improvement of such a route will be more than repaid by the general user revenue collected from its use. The public highway authorities are bound, in a proper exercise of their functions, to effect the required adequate improvement promptly. If the public highway authorities do not so act, the fault is with the highway authorities, and the remedy lies in a correction of that fault.

The proposal to build a toll road under these conditions is an escape mechanism; it is a counsel of despair; it is a proposal to blink the fault of the highway authorities and find another way of doing what it is clearly evident should be done, despite the functional failure of the highway authorities.

Now where does this avenue of escape lead us?

If the existing free road were improved, as the evidence demands, the improvement would utilize to the fullest possible extent the existing investment. It would utilize, in whole or in feasible part, the existing right of way, grade, foundation, surface and structures. It would build and improve upon what already exists. It would develop new location, which means new highway mileage, only as necessary to effect the requisite improvement; for, make no mistake about it, every new mile of highway created is a lasting expense that thereafter must be borne by highway transportation, to be avoided wherever possible.

For the toll road there is no such possibility. The toll road must be built outright, from the ground up, on a completely new location. Under our system of laws a road that has been dedicated as a public highway and improved with public funds simply cannot be converted into a toll road, for the use of which abutters as well as the general public will be required to pay a special fee. So, the toll road must be built in its entirety on a new location. Its entire mileage will constitute a net addition to the highway mileage existent. Its whole construction cost will represent a net addition to the existing investment in highway plant. If the usual promises of toll road advocates are fulfilled, and the road is "freed" when the original construction cost has been paid by the tolls, the future cost of maintaining and perpetuating the added highway mileage must eventually be borne by the general public, or more particularly

by the general road-using public. In the long run, in other words, the road cost of highway transportation generally has been increased by the amount necessary to maintain and perpetuate what is now created as a toll road. That increase in cost must indubitably be greater than the increase that would result from a present improvement of the existing free road.

But suppose we just shut our eyes to this rather remote eventuality and build the toll road anyhow. Remember, we are assuming that tolls can be collected which, over some period, will ultimately pay out the cost of construction and maintain and operate the road during that period. The traffic that will pay those tolls will be a traffic in part diverted from existing free roads; in part it will be a new traffic induced into existence by the new and inviting facility afforded; in part it will be a share of the general expectation of future traffic increase. This whole body of traffic, we assume, in a certain future period, will pay by means of its surrendered tolls for the initial construction of the road. The toll rates will be fixed in amounts calculated to accomplish this purpose.

Now, let's take second thought. Suppose we ignore the counsel of common sense and good business judgment sufficiently to build this same road on its identical completely new location as a free road, putting aside the possibility of utilizing in any part the salvage that exists in any other free road. This new free road, identical in design and location with the proposed toll road, also will have its traffic. Like the toll road, it will obtain that traffic in part by diversion from other free roads, but, being free of the impediment of a toll charge, it will induce the diversion of a larger volume of traffic. Like the toll road, also, its equal advantages will generate entirely new traffic, and, since there is no offsetting disadvantage of required toll payment, the amount of this newly generated traffic will inevitably be greater. And, finally, like the toll road, the supposed identical free road, in the same location, will also receive a share of the expected future traffic increase, and assuredly a larger share than the toll road, operating under the handicap of its toll charges, can possibly attract. It is apparent that in respect to all three of the ways in which a new road can attract traffic our supposed free road built to the same standard and on the same location as the proposed toll road will attract more traffic than the toll road could possibly attract.

Now, let us suppose further, that these two roads of identical location and design, but one operated as a toll and the other as a free road, are built and maintained and operated at exactly the same cost. But wait, we can't make that assumption. In the cost of the toll road there are certain elements not present in the cost of the

free road. They are the costs of constructing and maintaining and operating the toll collecting facilities. By the amount of these costs, at least, whatever they may be, the costs of the toll road must exceed the costs of the identical free road.

So, we have supposed the alternative construction of the same road, to identical standards of design in two ways - the toll-road way and the free-road way. The toll-road way has been found to be at least slightly the more expensive way. The free-road way has been shown to result inevitably in a greater traffic utilization of the road. The irrefutable conclusion is that the vehicle-mile cost of the toll road must be greater than the corresponding cost of the identical free road. How large the difference of cost may be is a matter of considerable speculation. Indication of its magnitude may be suggested by the fact that the country's outstanding toll road, the Pennsylvania Turnpike, apparently requires, to meet its expenses, a toll payment averaging for all classes of its traffic a cent and a half per vehicle-mile, which is equivalent to a gasoline tax of about 15 cents per gallon. Lump all forms of our road-user revenue together, and convert their yield into an equivalent gas tax rate and these revenues, with which our free roads are provided, will come to only about a half of 15 cents per gallon of gasoline consumed.

To all this, toll road advocates will retort:

"Pure logic! Roads are not built with logic. The plain fact is that here is a definite stream of traffic, actual and potential; for which no adequate highway accommodation has been provided. It appears probable that no adequate accommodation is going to be provided for years to come. Only give us the franchise and we will build you a toll road now, and the tolls we will collect in the future will repay us."

They mean that they will borrow to build on the faith of an expected toll revenue, and under appropriate conditions they can do it - successfully. True, the public faith may be a little weak, and the public may yield its consent only on the condition that the public credit is not involved. In that event revenue bonds can be issued. The interest payable on revenue bonds will be somewhat higher than on general obligation securities, and this will increase somewhat the cost of providing the facility, but the thing can be done, they say. And, under appropriate circumstances, it can be done, and the needed improved traffic facility can be realized now. Under some circumstances, I suggest, the thing can so surely be done that it were wiser to pledge the full faith and credit of the public to the redemption of the bonds and get the better facility now at a lower cost.

But, I submit that wherever conditions exist under which it is appropriate and safe to borrow capital for the immediate provision of a needed highway facility by the toll-road method, it is equally appropriate and probably safer to borrow capital for the immediate provision of the more efficient and less expensive free facility that will serve the real needs better. Free roads have been built in this country with borrowed money, and the experience has been good. I think there are present occasions that amply justify such borrowing. And, sometimes, I find myself wishing there were just a fraction of the persuasive power that now goes into the selling of toll-road propositions that could be diverted to the sounder proposal of justified free-road borrowing. If better highway facilities are needed now that is the way to get them now, and the existence of a real need now is all the assurance that is required in justification of commensurate borrowing now.

One of the most appealing arguments of toll-road advocates is that the proposal they advance is simply an expedient way of getting a good road built, now or at any time. You build the road. The tolls pay for the building of it, and then you free it, and forever after it stays free. The public has acquired a good road at no cost to the public treasury.

Now, in this appeal I think the toll-road advocates display a certain naivete; or, perhaps, they think the rest of us are a little naive. Their proposal is advanced simply as an expedient method of getting a new road built. It seems to involve the presumption that a road built, forever stays built. Most of us have abandoned that notion some time since. Most of us have become reconciled to the thought that we must go on building and rebuilding our roads at intervals from now to kingdom come. When we are told that the only possible way by which we can build a needed road now is by making it a toll road first and freeing it later, we are likely to wonder whether we will not, for the same reasons, have to make it a toll road again when it comes time to rebuild it.

But why talk about freeing it at all? The fact is (and it is as plain a fact as you are likely to find) that most roads now built as toll roads will never be freed by self liquidation. They will be freed only by the awakening of a sense of public obligation to make them free, either as a result of the mischance of financial failure or upon a more thoughtful consideration of what is good for us all. I say that the roads now built as toll roads will never be freed by self liquidation, because when I find that the scheme of financing by which they are provided involves the borrowing of capital for a term of thirty years, I know that by the time the last of those bonds are paid off it will be time to borrow some more to rebuild and alter and enlarge the existing facility, as time and

change have a way of requiring. And the only alternative, then, to continuance of the toll will be the same as the alternative that is now available to us: To finance and build the road as a free road. So, I think we might serve notice on the toll-road advocates that we are not taken in a bit by their promises eventually to let us off from the payment of toll.

Thus far, in this catalogue of my reasons for holding the proposals of toll-road advocates to be unsound and inconsistent with the general public interest, I have been dealing with considerations bearing upon the financial aspects of such proposals. I come now to a reason of a different character, which seems to me the weightiest of all reasons for opposition to the building of toll roads. For the statement of this reason I shall borrow from language recently employed by Commissioner MacDonald because I can find no words to state it more clearly.

This reason is that "apart from any consideration of the ability or willingness of travelers to pay the special charges imposed," - effects of which I have previously discussed, "no toll road can be expected to serve much of the traffic potential to a road in the same location operated free of toll." A large fraction of the traffic that would use the free road cannot use the toll road because it "is made up of vehicles moving on trips of shorter lengths than the distances between the toll gates. Entrance and exit are possible on a toll highway only at its gates. Every gate represents a substantial capital investment and continuing large operating expense in salaries of attendants, etc. Since the best that can be hoped for in nearly all toll facility proposals is a bare possibility of financial soundness, the number of gates must be kept at a minimum, their spacing at a maximum. In some of the present proposals access points average as much as 25 miles apart. Analysis of the lengths of highway trips extending out of cities before the war in eleven representative States * * * showed that the number of trips less than 20 miles in length varied from a minimum of 79 to a maximum of nearly 88 percent of the total number of all such trips in the several States. Trips less than 10 miles in length varied from 56 to 70 percent of the total. * * * These figures are averages representing the character of usage of rural roads generally. On particular highways the percentages may differ materially from these averages; but trips of short length are on all highways a large fraction of the total usage.

"So, toll roads, if they are built, should be clearly understood to be partial facilities, capable of serving only a part of the traffic requiring service in the directions in which they extend and in the areas they traverse. A substantially paralleling free road must always be maintained to serve the remainder, probably the large remainder, of the traffic.

"And here enters the most serious danger of the toll road. However great may be the remainder of traffic left to the parallel free road, however insistent may be the need for substantial improvement of the facility it affords to that traffic, the design standards of the free road must be held materially lower than those of the toll road, else the latter will be robbed of nearly all of its essential support. * * * *

"But what is going to happen if, or probably I should say when, the traffic remaining to be served by a free alternate rises in volume to the point where only high standard improvement can provide the facility and safety (we are more conscious of safety requirements nowadays) it requires? That thought may well give us pause. Are we then going to improve the free road to its required standards and let the consequences to the toll road be what they may? Or are we just going to 'free' the toll road, that is, take over its bonds as a public obligation and suspend the toll collection? The first course would mean inevitably large loss to the toll road investors. The second would mean either some reduction of the investors' expected income, (Mr. MacDonald was thinking in terms of the customary revenue-bond, toll road financing) or the public assumption of debt bearing a higher rate of interest than it would have been necessary to pay had the road been built free in the first place. Moreover, if we are tempted to choose the second alternative we will probably find that the road built as a toll road is not located properly to serve as an acceptable all-duty free highway. So what can we do?"

With Mr. MacDonald's question, expressive of the dilemma into which the toll road advocates would lead us, I should close this recital of my reasons for opposing financially feasible toll road proposals. The reasons are not exhausted, but my time and probably your patience are approaching that state.

Before referring briefly to the practice of toll collection for augmentation of general revenue, as to which I believe a single word might suffice, I should like to take just a moment more in protest against what I consider two of the most deplorable arguments in the whole system of toll road apologetics.

One is that a road that must be built in one State is used largely by citizens of other States. The suggestion is: Build the road as a toll road and make the foreigners pay for it. I am objecting less to the crass provincialism that appears as the motivation of the suggestion than to the inevitable consequences of the chain of retaliatory actions that are certain to follow.

The second suggestion, which to me is equally repugnant, is that the toll road may be considered as offering a kind of Pullman highway service to the elite of highway travelers who are able and willing to pay for it. Apart from the objectionable class distinction involved, I simply want to say that, in any circumstances under which a toll road may be considered as a feasible undertaking, the highest type of design that is likely to be provided will be no more than the clear necessity of reasonably safe and efficient highway service. The need is not for super-service of a screened fraction of the traffic aggregate but for the ordinarily safe and efficient facilitation of the whole of a super-sized traffic body.

With this thought I turn to the second of the two questions which, at the outset, I held to be debatable - the question of policy involved in the supplementing of other tax revenue by direct tolls collected on selected roads.

I have previously intimated that this question, in my view, may be disposed of in one word. The word is: "Discriminatory." The roads on which this practice is employed are not toll roads in the sense that there is the intention to pay for their construction and maintenance with the tolls collected. Generally, the toll is collected with deliberate discrimination in such manner as to tax one group of users and let another group off scot-free. When employed with this intention there is generally the same parochial purpose to which I have previously objected in another connection. But, whether it is so intended or not, such a collection of toll from either all or a part of the traffic on only one, or a few sections of the highway system of a State, is discriminatory, inequitable, and ethically indefensible.

With these few more than the one word I promised, I have said all I wish to say in regard to the second debatable question, and bring my discussion to an overdue close.