

# The Rambler's Innovative Financing Tips No. 2, No. 3, and No. 4

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## The Rambler's Innovative Financing Tips No. 2, No. 3, and No. 4

*Ever mindful that history is most interesting when it is helpful, the Rambler thought it might be worth mentioning that the Federal Government's first road aid was accomplished through innovative financing.*

The Northwest Ordinance of 1787 opened the Northwest Territory (the future States of Ohio, Indiana, Illinois, Michigan and Wisconsin) to settlement. As settlers moved into Ohio, they came into violent conflict with the resident Indians (the Chippewas, Delawares, Eel Rivers, Kaskaskias, Kickapoos, Miamis, Ottawas, Pattawatimas, Piankeshaws, Shawanees, Weas, and Wyandots), who had been encouraged by the British to attack the Americans. When negotiations for a peaceful solution failed, General "Mad" Anthony Wayne and his Legion of the United States engaged the Indians in the Battle of Fallen Timbers, on August 20, 1794, along the Maumee River about three miles southwest of the city of Maumee near Toledo. The Indians were defeated in the 1-hour battle, effectively ending the dominance of the Indians and the British in the Northwest Territory. The Treaty of Greenville, signed on August 3, 1795, established the terms of peaceful settlement.

With the Indians relinquishing their claim to much of Ohio, settlers began moving into the area in growing numbers. The Great Lakes on the north and the Ohio River on the south were the primary means of reaching the territory, but for those who wished to enter the middle of the State, a good water route was not available. With travel to mid-Ohio virtually impossible, demand for a land route increased.

One of the entry points to mid-Ohio was Wheeling, Virginia (it became part of West Virginia when it broke away from Virginia during the Civil War), which had been settled by the Zane brothers. In March 1796, one of the brothers, Colonel Ebenezer Zane, petitioned Congress for permission to build a post road overland from Wheeling through the territory northwest of the Ohio River to the important river port of Limestone, Kentucky (now Maysville). The route would be a substitute for the Ohio River, then the primary means of transportation to the Ohio Valley. Historian Albert C. Rose explained the problems with the river:

Ohio River traffic was hampered by floating ice in the winter, by spring floods, by low water in the dry summer season and by the incessant ravages of river pirates who took up their positions where the natural obstructions to navigation aided their nefarious livelihood. Only in the most favorable seasons of the year was it profitable to "pole" upstream, or "cordell" by a rope pulled from the shore, keel boats or barges laden with heavy freight . . . Furthermore, prior to the introduction of the first steamboat on the Ohio River, in 1798, the majority of all river craft could not be propelled against the current by any reasonable expenditure of human energy. For these reasons flatboatmen were accustomed to sell their freight as well as their craft at the down-river destination and trudge homeward over a land path through the wilderness. [*Historic American Roads: From Frontier Trails to Superhighways*, Crown Publishers, Inc., 1976, p. 23]

Zane's proposed road would be 100 miles shorter than the river and would be immune to floods, floating ice, low water, and pirates.

Tariffs on imported goods provided the Federal Government's main source of revenue; and its expenditures for what today would be called "infrastructure" were largely confined to protecting that source of income by improving the ports along the Eastern Seaboard through such activities as constructing and maintaining lighthouses. Recognizing that asking for money would be pointless, Zane offered an innovative financing proposal. All he wanted in return was 3 square acres of land where his road crossed the Muskingum, Hockhocking, and Scioto Rivers (present site of

Zanesville). As a Revolutionary War veteran, he was entitled to 3 square acres of U.S. military bounty land warrants; he was simply asking Congress to let him place the land where he would benefit from his labors on the road.

Congress, also in the spirit of what is today known as leveraged private sector investment, approved Colonel Zane's request in the Act of May 17, 1796, with the stipulation that he establish ferries to cross the three rivers and operate them at rates to be established by any two judges of the Northwest Territory.

Historian George R. Stewart described construction of the trace:

In the summer of 1796 Zane began work on the road with a party of six or eight men. They blazed trees [marked them with a symbol to indicate the path], cleared out the thick underbrush, and removed fallen tree-trunks. They had pack-horses with a tent and provisions, but lived largely on game. Two men kept watch at night, for there was still some fear of Indians, in spite of their defeat at the Fallen Timbers in 1794.

The trail-makers followed the course of Wheeling Creek for about seven miles. After that they took the road up to the ridge, and kept on westward, generally avoiding marshy lands and keeping high, after the manner of Indian trails. In some places they may actually have followed the old Mingo Trail. (Stewart, George R., *U.S. 40: Cross Section of the United States of America*, Houghton Mifflin Company, 1953, p. 114-115]

Zane's initial trace was little more than a pack trail, but the Federal Government began transporting mail over it as soon as it was finished. In 1804, Ohio appropriated \$15 a mile to recreate Zane's Trace as a wagon road. Stewart explained:

The road that was opened as the result of so limited an expenditure was naturally not outstanding. Probably the trail was widened, straightened where necessary, relocated in spots to ease the grades a little, and dug out on the steeper side-hills to keep the wagons from tipping over. There would have been no attempt at surfacing, most likely. Stumps were not grubbed out, but were left standing to a height of fifteen inches, which wagon axles would clear-if the ruts were not deep. A "mover" [the name applied to settlers moving west] has recorded that in 1806 he took two days to get his three wagons up from Wheeling Creek to the top of the hill at St. Clairsville, about four miles.

In the 1820's when the National Road from Cumberland, Maryland, was extended beyond Wheeling, Zane's Trace became part of the federally funded highway project between Wheeling and Zanesville. The National Road was planned to reach the Mississippi River on as straight a line as possible (although it eventually stopped at Vandalia, Illinois). Stewart described the construction on the initial portion of the extension:

The survey progressed rapidly-as far as Columbus in 1825, to the Illinois line in 1827 . . . . Real construction was much slower. Ground was broken at St. Clairsville, Ohio, in 1825. A prayer was offered, the Declaration of Independence read, and an oration delivered. The orator declared that the road was destined to reach the Rocky Mountains. In 1830 the road was completed to Zanesville.

The National Road was, itself, an example of innovative financing. The Ohio Statehood Enabling Act of 1802 provided that 5 percent of the funds from the sale of public land, which was owned by the Federal Government, would be set aside for roads. A portion of the revenue, known as the "2 percent fund," was to be used under the direction of Congress for construction of roads "to and through" Ohio. The balance was for roads to be built within the State under the direction of the legislature. As Congress developed statehood legislation for the States west of Ohio, similar provisions were included to finance extension of the National Road and road construction within the new States.

When the National Road began to deteriorate with heavy use, Congress balked at further expenditures, in part because of the longstanding objections by States that didn't benefit from the expenditures and partly because railroads

were becoming the primary means of surface transportation. The Rambler hardly has to tell the alert reader that the call went out to innovative financing again.

Congress tried to solve the maintenance problem by passing a bill in 1822 authorizing collection of tolls on the road to finance upkeep. President James Monroe vetoed the bill on the grounds that the Federal Government, which owned the road with the consent of the States, did not have the authority to collect tolls on it. Since the States did have the authority, Congress thought of turning the road over to them and letting them find the funds to get it in shape. When the States made clear they did not want it in its present condition, a compromise was reached. The Federal Government would upgrade the road and turn it over to the States to operate as a turnpike. Beginning in the 1830s, Congress appropriated funds to upgrade the eastern portion of the road, which was turned over to the States as quickly as the projects could be completed. This same approach was used to convert the road to a turnpike all the way to the Ohio-Indiana line by 1835. The term "National Pike" for the National Road grew out of this change.

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Modern day travelers on U.S. 40 or I-70 who pass through the Zanesville area might wish to stop at the National Road-Zane Grey Museum in Norwich, Ohio. The museum chronicles the National Road (U.S. 40) as well as Zane Grey, the "father of the adult western," who was born in Zanesville. The museum is located near the Norwich exit of I-70 (exit 164) in Muskingham County, 10 miles east of Zanesville. The Rambler, who never goes anywhere, has never been there, but understands it's pretty good.

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