

Building Schools, Roads, and Bridges: Funding Public Projects In Antebellum Tennessee



Tennessee frontier landscape, by Alexander Helwig Wyant

In the early years of the Republic, many states resorted to the use of lotteries to fund the building of internal improvement projects such as roads, bridges, and canals as well as both public and private schools. Tennesseans have long felt ambivalent toward lotteries of all types whether intended for private or public gain. This love-hate relationship began nine years prior to Tennessee's statehood, when the region was still part of North Carolina. In 1787, representatives of the North Carolina legislature assembled at the state capital in New Bern and authorized the first lottery on the Tennessee frontier to raise funds to clear a path for a road leading from the southern slopes of Clinch Mountain to Bean's Lick in upper East Tennessee. Lotteries in the early Republic generally fell into one of three categories: private, quasi-public, and public. Individuals often derived schemes for their personal gain, such as to encourage business or to dispose of property without any government oversight. The prevalence of fraud and abuse by those who squandered their income in hopes of earning a fortune led state legislators to consider placing restrictions on private lotteries. On November 8, 1809 the General Assembly abolished the practice of non-sanctioned lotteries, imposing stiff penalties on anyone caught advertising, selling, or purchasing tickets for a private lottery. The act prohibiting unauthorized lotteries stated, "The drawing of private Lotteries hath become a serious and alarming evil, relaxing the sinews of industry, and encouraging habits of idleness and dissipation." Despite the law, underground lotteries continued to flourish throughout the state.

Unlike a private lottery, both quasi-public and public lotteries were sanctioned by legislative approval. Quasi-public lotteries replaced the private lottery as financially distressed citizens petitioned the legislature to sell their property in order to pay their debts. The General Assembly granted few requests for quasi-public lotteries due to increasing anti-lottery sentiment.

The general populace were much more receptive to public lotteries, which had been regularly authorized by legislative action for internal improvement projects since the establishment of the Southwest Territory in 1790.

In 1794, the territorial assembly enacted a public lottery to raise funds to cover the cost of cutting and clearing a wagon road from the South West Point to settlements along the Cumberland River in Middle Tennessee, known then as the Mero District. The lottery scheme

resign his office at any time by signifying his resignation in writing to the board of trustees. And any Trustee shall have a right to resign his office at any time, by signifying his resignation in writing, to the President.

*(signed) William Blount, Governor.
Griffith Rutherford, P. S. C.
David Wilson, S. M. R.
September 3^d 1794.*

An Act to authorize the raising a fund, for the purpose of discharging the cost of cutting and clearing a wagon road, from South West Point to the settlements on Cumberland River, in Mero district, by lottery.

Section. 1. Be it enacted by the Governors Legislative Council, and House of Representatives of the Territory of the United States of America south of the river Ohio; That in order that a sufficient fund may be raised for the purpose above mentioned; that a scheme be authorized for drawing a lottery, to consist of three thousand one hundred tickets, three thousand of which shall be by the managers hereafter named, put into the hands of such discreet persons as they may judge properly qualified for selling the same; or if they chuse so to do, may be kept in their own hands, and sold by

them at five dollars each. And the remaining one hundred shall be reserved by the said managers as tickets belonging to the roads and the prizes drawn thereon, to be considered as a part of the fund hereby intended to be raised.

Sec. 2. And be it enacted, That the prizes and blanks in the said scheme contained, shall be as follows, to wit.

Prize	Dollars		Dollars
1	\$ 1,500	is	1,500
1	750	"	750
2	500	"	1,000
4	200	"	800
15	100	"	1,500
30	50	"	1,500
100	25	"	2,500
545	10	"	5,450
698	Total prizes.		15,000
2,402	Blanks.		

And that each and every prize be subjected to a deduction of one fifth part, which part, so deducted, together with such prizes as may be drawn in favour of the road tickets, shall be by the said managers paid into the hands of the then treasurer of the Territory, there

1794 Mero District Wagon Road Act (pg. 2), Courtesy of the Tennessee State Library and Archives, Nashville

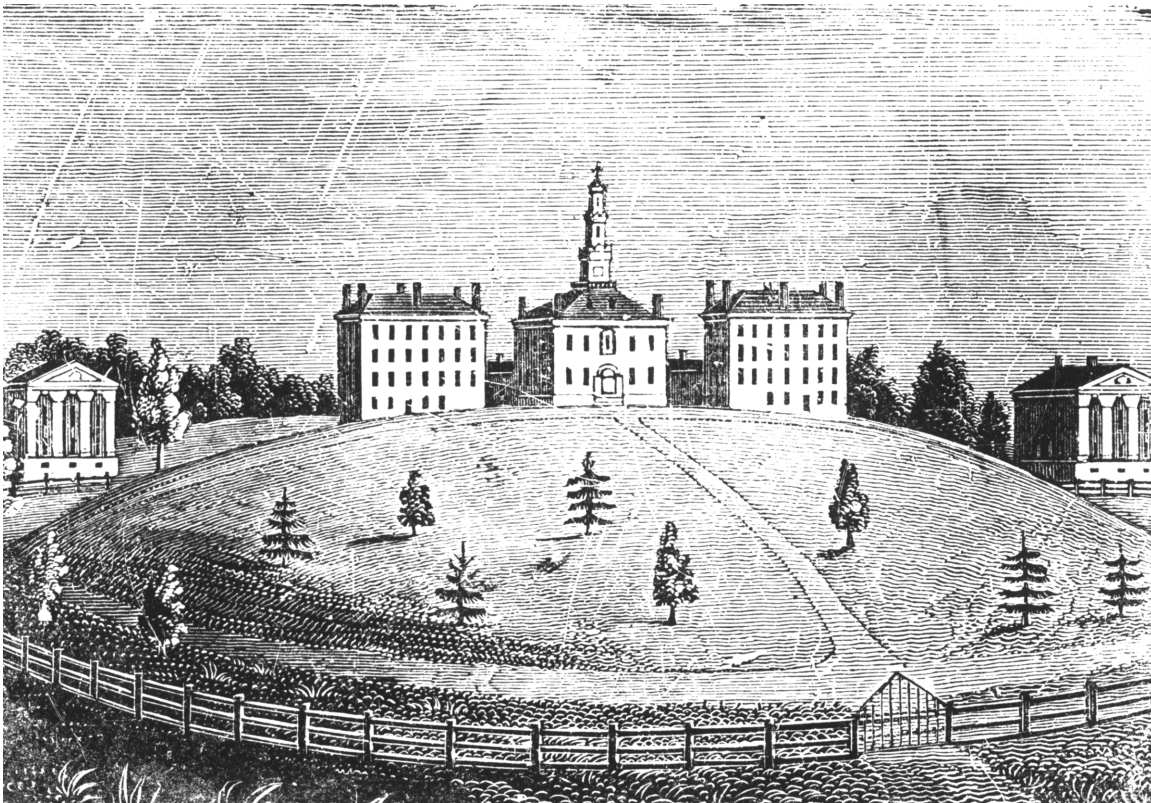
consisted of 3100 tickets to be sold at \$5 a ticket, thereby earning a total of \$15,000 in ticket sales. Of the 3100 tickets sold, 698 tickets would earn the lucky purchaser a prize ranging from \$10 to a grand prize of \$1,500. Each and every prize-winning ticket would be subjected to a deduction of 20% to be allocated toward the funding of the wagon road. However, the wagon road lottery, like most public lotteries, proved a failure when most of the tickets were not sold.

When lotteries failed, the enabling acts governing the lottery ensured that the monies received for purchased tickets were refunded. Other safeguards to combat possible fraud included the appointment of respected citizens in the community to serve as lottery trustees, who

in turn, selected the lottery managers. These managers were required to take an honesty oath and enter into bond with the county court, usually for double the scheme's advertised amount.

Although approximately a third of the 107 lotteries authorized by the legislature between 1794 and 1831 were approved for internal improvement projects, a greater number were earmarked for the establishment of academies and colleges. Prior to the adoption of a new state constitution in March 1835, there was little, if any, support for a statewide public school system. Therefore, lotteries were instrumental in financing higher education in the early years of the American Republic. Though not always successful, antebellum era college administrators resorted to petitioning state legislatures for lotteries to help defray the costs of constructing and operating their institutions. The inauspicious origins of the University of Tennessee provide a vivid illustration of the bleak predicament facing a college that sought any means available to them, such as a lottery, in order to salvage their institution.

The origins of the University of Tennessee stretch back to 1794, two years prior to Tennessee's statehood. On September 10, the assembly of the Territory of the United States South of the River Ohio (Southwest Territory) incorporated Blount College, thereby becoming the second chartered college west of the Appalachian Mountains. In contrast to the rash of other colleges that were proliferating throughout the country in the early years of the Republic, Blount College was not only non-secular but also the nation's first coeducational institution of higher education. In its first thirteen years, the frontier college admitted five females, including Barbara Blount, the daughter of the Southwest Territory's governor and the school's namesake, William Blount.



East Tennessee College, 1840, Courtesy of the University of Tennessee Special Collections Library

From its inception, Blount College's finances lingered in a precarious state. It received no state support, and, although the College catered almost exclusively to the sons and daughters of Knoxville's elite, gifts and tuition of \$8.00 per semester from a few dozen students were insufficient to sustain the college. By the beginning of 1807, Blount College was struggling to keep its doors open. However, later that year the college received not only a new lease on life but also a new name when the Tennessee General Assembly chartered East Tennessee College, thereby merging the two colleges.

The state legislature's action was prompted by an April 18, 1806 congressional grant of 100,000 acres of public lands for the endowment of two colleges, one to be established in East Tennessee and the other in West Tennessee (what is now Middle Tennessee). Whereas the legislature moved quickly to reincorporate Davidson Academy near Nashville as Cumberland College, they encountered some difficulty in selecting the East Tennessee institution to benefit from the land subsidy. Trustees from each of the three existing East Tennessee colleges, Blount, Greeneville, and Washington, presented their claims for the federal subsidy to the General Assembly. Moreover, competing proposals to create a college in Maryville and Rogersville were submitted by the citizens of Blount and Hawkins Counties respectively, furthering the delay. Finally, after several months of consideration, the General Assembly accepted Blount College's proposal on October 26, 1807 and reincorporated the institution as East Tennessee College. The act provided that the new college be built on a ten acre tract, known as Poplar Spring, which was located on the northeast outskirts of Knoxville along the eastern banks of First Creek. Members of the General Assembly were likely influenced by the college's potential, given its proximity to Knoxville. The legislators were well aware of Blount College's financial struggles; however, they believed that a college located near a burgeoning commercial town, buoyed by revenue collected from the sale of public lands, was more likely to flourish than an institution established in a small town or village located on the frontier.

A congressional provision stipulated that the 50,000 acres set aside for East Tennessee College should be sold at the minimum national price of two dollars per acre. When funds derived from the sale of Blount College were added to the expected land sales, the newly appointed board of trustees anticipated receiving an extraordinary windfall in excess of \$100,000 for the construction and administration of the new college. Instead, the College managed only to raise a paltry sum of \$8,350 from the federal endowment. Most of the lands bestowed to the college had yet to be cleared of Indian title. Moreover, a significant portion of these lands were previously occupied by both speculators and squatters who hastily flooded over the crest of the Appalachians into the Tennessee frontier after the passage of North Carolina's Land-Grant Act of 1783. Some squatters had even made the journey westward prior to the end of the Revolutionary War in clear violation of the Proclamation of 1763, which prohibited colonial settlement beyond the Appalachian Mountains. Therefore, according to the law governing land grants in the early Republic, the squatters were assured preemption rights and permitted to purchase their land holdings at half of the national minimum price—at the bargain price of a dollar an acre. To make matters worse, most squatters were either unable or unwilling, or both, to pay. Having suffered numerous hardships to acquire their homes in a dangerous frontier environment, these squatters were not inclined to pay for lands that they had already claimed. The College's trustees petitioned the General Assembly to compel the squatters to pay; however, legislators, particularly those from East Tennessee, were reluctant to take any action against the squatters because they constituted the bulk of the region's voting population. Rather, the

legislature charted a moderate course, allowing for payment by installments. Not surprisingly, the installment plan failed to yield the revenue the College envisioned.

On April 7, 1808, the Board of Trustees held their first meeting in which they discussed the college's financial troubles. Given the precarious state of the school's finances, the trustees decided to retain the services of Samuel Carrick, who had served Blount College as both its president and its sole faculty member. Reluctant to hire additional faculty at this point in time, the trustees authorized Carrick to recruit an assistant tutor should the number of enrolled students require the appointment of an ancillary. The College endeavored to survive for another sixteen months until it received a severe blow in the death of Carrick, whose sudden death on August 17, 1809 forced the trustees to close the school's doors. In order to cure their institution's financial woes, the trustees prescribed the employment of a lottery to prevent a prolonged closure.

On November 22, 1809, the General Assembly acted favorably on a petition request submitted by the trustees of East Tennessee College to hold a public lottery to help defray administrative expenses. The legislators were no doubt sympathetic to the cause of education, but perhaps, their decision to approve the trustees' request was influenced by the fiasco that had ensued in the College's futile effort to collect revenue from the sale of the public land endowment, which they had in part thwarted by their reluctance to anger squatters who represented a sizeable voting constituency. The lottery's enabling act named five of the College's trustees, selected by the board prior to the proposal's submission, to serve as lottery managers. The managers included Hugh Lawson White, Thomas McCorry, James Campbell, Robert Craighead, and John N. Gamble. They quickly devised a scheme to sell 11,000 tickets at \$5 each, resulting in a sum of \$55,000 to be divided into 3,405 prizes ranging in value from \$6 to a grand prize of \$5,000. Nearly one out of every three tickets promised to be a winner for the fortunate drawer. The trustees announced that the prizes were "to be paid, not in this, or in that species of property, but in CASH." For each prize awarded, 15% of its value would be deducted for the college; thus, earning the institution, less expenses, \$8,250.

Broadsides promoting the lottery scheme were published on January 3, 1810 for mass distribution. Three days later, the first newspaper advertisement announcing the lottery appeared in *Wilson's Knoxville Gazette*. The lottery managers advertised the lottery in titillating language: "The Scheme will be satisfactory to all who wish to become adventurers, with a view to better their circumstances." Yet the trustees were not content to appeal solely in terms of financial gain. The advertisement continued: "When the object to be attained by this Lottery is considered, it is believed, every individual will be anxious to become an adventurer. It is not designed to retrieve a shattered fortune, not to convert into cash, at an extravagant price, property which is of no use; but it is intended to aid the funds of a Seminary of Education, where youth of the present and succeeding generations, may have their minds prepared, in such a manner, as to make them ornaments to their families, and useful to their country—as will enable them to understand their rights as citizens, and duties as servants of the people."

The trustees enclosed the broadsides advertising the lottery in letters addressed to several prominent citizens both locally and nationally. Among those the trustees solicited to sell tickets were President James Madison and Thomas Jefferson, the latter having recently retired to his mountaintop plantation at Monticello near Charlottesville, Virginia. Whereas there is no evidence that Madison ever replied to this request, Jefferson, on the other hand, drafted a letter respectfully refusing to engage in a game of chance.

5,000 Dollars!

BY AUTHORITY.

SCHEME OF A LOTTERY, FOR THE BENEFIT OF EAST TENNESSEE COLLEGE.

FIRST CLASS.

1	Prize of	5 000 Dollars,	5,000
2	-	2,500	5,000
5	-	1,000	5,000
10	-	500	5,000
12	-	300	3,600
25	-	100	2,500
100	-	50	5,000
200	-	20	4,000
400	-	10	4,000
2650	-	6	15,000
3405	Prizes.		55,000
7595	Blanks.		

11,000 Tickets, at Five Dollars each.

Part of the above Prizes determinable as follows, to wit:

1st	drawn Blank on the 5th day's drawing,	Dolls.	100
1st	ditto, 7th ditto,	-	100
1st	ditto, 9th ditto,	-	300
1st	ditto, 13th ditto,	-	500
1st	ditto, 15th ditto,	-	500
1st	ditto, 17th ditto,	-	500
1st	ditto, 19th ditto,	-	1,000
1st	drawn Ticket on the 22d, and last day's drawing,		2,500

500 Tickets to be drawn each day.

Prizes payable thirty days after the completion of the drawing, subject to a deduction of fifteen per cent. And the prizes not demanded within twelve months, shall be considered as relinquished for the benefit of the College.

The Lottery, of which the above is the Scheme, has the sanction of an Act of the last Legislature. That Act, requires the subscribers to give bond, that the Prizes shall be paid, or the money refunded, if the Lottery should not be drawn. This requirement has been complied with. We flatter ourselves, that the Scheme will be satisfactory to all who wish to become adventurers, with a view to better their circumstances. Little more than two blanks to a prize. No prize that will not yield some profit to the fortunate drawer. The prizes to be paid, not in this, or in that species of property, but in CASH, which will command property of every description. No doubts are entertained but a sufficient number of Tickets will be sold to enable the drawing to be commenced in a short time.

When the object to be attained by this Lottery is considered, it is believed, every individual will be anxious to become an adventurer. It is not designed to retrieve a flattered fortune, nor to convert into cash, at an extravagant price, property which is of no use; but it is intended to aid the funds of a Seminary of Education, where youth of the present and succeeding generations, may have their minds prepared, in such a manner, as to make them ornaments to their families, and useful to their country—as will enable them to understand their rights as citizens, and their duties as servants of the people.

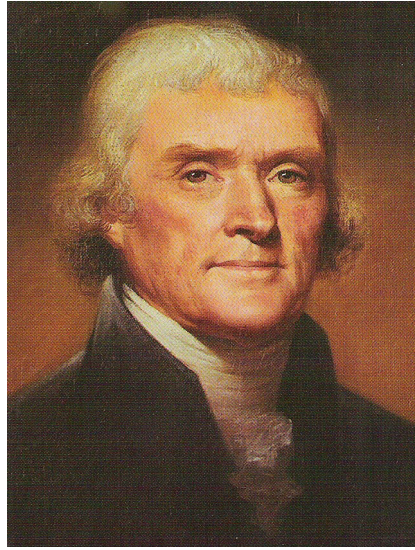
If we are attached to the government under which we live—If we wish to have it transmitted to our posterity, let us unite in the support of Seminaries of learning; without them, our children must be ignorant; while ignorant, they will be ever liable to be misled by the deluging, and finally, to be governed by some enterprising despot. With Seminaries of Education, well endowed, those of every rank and description will become informed; they will understand their government, the powers and rights which it confers and secures;—when these are understood, they will never be yielded but with their lives. We therefore respectfully solicit, and hope to receive the public patronage.

HUGH L. WHITE,
THOMAS MCCORMY,
JAMES CAMPBELL,
ROBERT CRAIGHEAD,
JOHN N. GAMBLE,

Trustees appointed by Act of Assembly.

Knoxville, January 3, 1810.

*A copy of this broadside advertising the East Tennessee College lottery was sent to Thomas Jefferson
Courtesy of the University of Tennessee Special Collections Library*



Thomas Jefferson
Courtesy of National Geographic

Jefferson had long been regarded as one of the foremost revolutionary republican proponents of education. Therefore, it was only natural that the trustees appealed to Jefferson by linking the cause of education with the preservation of the nation's republican institutions: "Knowing the deep interest which you feel in the Welfare of your Country, your anxiety to contribute to the permanency of our Republican Institutions and your Attachment to the cause of Literature, we have thought that we should but illy discharge the duty assigned us were we not to solicit your Aid to the Institution for the Benefit of which our Lottery is designed." The trustees hoped that Jefferson, who could leverage his influence to sell quite a number of tickets, would favorably receive the idea of a lottery to fund the college. To the dismay of the lottery managers, Jefferson proved reluctant to engage in the scheme: "Having made it a rule never to engage in a lottery or any other adventure of mere chance, I can, with the less candor or effect, urge it on others, however laudable & desirable it's object may be."

In spite of his pious objection to lottery schemes in general, it should be noted that Jefferson did not remain faithful to his pledge never to engage in lotteries. Burdened by debt in excess of \$100,000, Jefferson successfully petitioned the Virginia legislature in 1826 to dispose of much of his estate by a quasi-public lottery. With the cloud of bankruptcy hanging over him, Jefferson stated that he was in the "most helpless stage of my life," and the lottery "will be honestly and honorably paid, and a competence left for myself, and for those who look to me for subsistence." Pointing to previous lotteries granted by the Virginia legislature as precedent, Jefferson explained that the lottery "will offend no moral privilege, and expose none to risk but the willing, and those wishing to take the chance of gain."

Unable to entice prominent citizens such as Jefferson and Madison to sell tickets, the trustees' scheme proved an abysmal failure. Though several tickets were sold at the onset of the lottery, however, ticket sales became sluggish over the next few months. After April 14, 1810, *Wilson's Knoxville Gazette* did not run another advertisement for the College's lottery until the summer of 1811, when an optimistic note appeared: "The rapid sale of the tickets in this lottery of late, has induced the trustees to fix on the first day of October next for the commencement of the drawing, before which time...it is expected the remaining tickets will have been disposed

of.” But October came and passed with no drawings held. On September 21, 1812, Hugh Lawson White announced in the *Gazette* that the trustees were closing the lottery. The column noted that in a little less than three years since the lottery’s adoption, the College had received only \$450 from ticket sales; thus, according to the lottery’s enabling act, each of the 90 tickets purchased in the course of the lottery were to be promptly refunded. Without the expectant funds from the lottery to operate the college, the trustees were forced to keep its doors closed until a merger with a local academy enabled the school to reopen in 1820.

There were three contributing factors that doomed the East Tennessee College lottery. First, the expected sum of \$55,000 in ticket sales was probably too large for the Tennessee frontier region. To be sure, the trustees were overly optimistic that prominent national leaders such as Jefferson and Madison would intervene on the behalf of the college, but they expected citizens residing on the Tennessee frontier to purchase the majority of the tickets. Second, public criticism toward institutions of higher education as exclusive bastions of privileged wealth increased steadily in the early nineteenth century. A letter from an anonymous citizen published in the *Knoxville Gazette* that opposed any policy that “seminaries of learning for *great men’s sons*, and the *wealthy and aspiring might enjoy the benefit*” indicates the popular antagonism that encumbered the College’s lottery. Third, and perhaps most importantly, the moral sense of the citizenry was aroused as to the evils of lotteries.

Anti-lottery sentiment reached a fever pitch in the late 1820s, prompting state officials to reconsider the constitutionality of all types of lotteries. Tennessee Supreme Court Chief Justice John Catron’s fierce jeremiad in the case of *State v. Smith* delivered in 1829 was the death knell for the lottery in the state. Catron made no distinction between private, quasi-public, and public lotteries in his momentous opinion. He ruled that “whenever money or other valuable thing is hazarded and may be lost, or more than the value obtained, and dependent upon chance, the transaction is gambling.” In the wake of Catron’s decision linking lottery with gaming, which constituted a criminal act, the General Assembly repealed the laws authorizing lotteries—the sale of any lottery ticket in the state of Tennessee was now deemed illegal. When Tennessee established a new state constitution in 1835, a provision declared “the legislature shall have no power to authorize lotteries for any purpose; but shall pass laws to prohibit the sale of lottery tickets in the State.” A constitutional ban on lotteries stood until November 5, 2002, when Tennessee voters defeated the ban by a margin of 58 to 48 percent. State budget shortfalls and repeated promises that lottery profits would be earmarked for college scholarships and other educational programs enticed voters to come out to the polls during a non-presidential election in record numbers.