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THE BEGINNINGS OF THE RAILROAD MOVEMENT IN EAST TENNESSEE

By S. J. FOLMSBEE

Under the date of July 4, 1831, there came from the press in the little East Tennessee town of Rogersville the first number of the *Rail-Road Advocate*,¹ the first American newspaper to be published primarily in the interest of railroad construction. Established as a result of a meeting of citizens of Rogersville on June 21, and published by an "Association of Gentlemen" of that town, this little paper appeared every two weeks until June 14, 1832, and had as its object the stimulation of interest in what was then the novel idea of establishing direct rail communication between East Tennessee and the Atlantic seaboard. Although the fulfillment of the dreams of these early railroad enthusiasts was to be long delayed, the view they presented in the final issue of their paper proved in general to be a correct one.²

Railroads are the *only hope* of East Tennessee. With them, she would be everything the patriot would desire;—without them, she will continue to be, what she is, and what she has been, a depressed and languishing region—too unpromising to invite capital or enterprise from abroad, or to retain that which may grow up in her own bosom. They are the only improvements at all suited to her condition.

Since the construction of railroads was to play such an essential part in the economic development of East Tennessee, and since the inhabitants of this section were so early, so consistently, and so vitally interested in the development of this mode of communication, it is considered worth while to present in some detail their early efforts to obtain through the medium of railroad construction a release from the isolated position in which the restraining bonds of nature had confined them.

¹ A complete file of this paper is in the library of the Bureau of Railway Economics, Washington, D. C.

² *Rail-Road Advocate*, June 14, 1832.

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American Frontier (Boston, New York,
r. 4, 1829, in Fletcher Webster (ed),
ster (Boston, 1857), I, 473.

For a long time prior to 1831 the forward-looking inhabitants of this section had been engaged in the search for a more convenient access to the markets of the world. The Tennessee River, their only outlet, was a very unsatisfactory medium of transportation, not only because of the serious obstructions to navigation at the Muscle Shoals and elsewhere, but also because of the great distance along its tortuous course and the Ohio and Mississippi to New Orleans. For the importation of groceries and manufactures it was for a long time of no use whatsoever, and until steamboats began to ascend the river to Knoxville, these commodities had to be brought overland at great expense on almost impassable roads either from the distant Atlantic cities of Philadelphia or Baltimore, or over the Cumberland Mountains from Nashville. Even as a means of exporting the surplus produce of the farms and forges of East Tennessee, the river could be used only at certain short periods of high water; and after having completed the long and hazardous voyage to New Orleans, these cargoes were farther from the European and Atlantic coast markets than when they had started.³

One of the most popular proposals for remedying this unsatisfactory situation was the suggestion of a canal to connect the Hiwassee and Coosa rivers. The close proximity of the headwaters of these two tributaries of the upper Tennessee and the Alabama, respectively, had very early called attention to this possibility of effecting a short-cut to the Gulf at Mobile, and the citizens of both East Tennessee and Alabama made numerous attempts to obtain the appropriation of funds necessary for its accomplishment.⁴ It is quite natural, therefore, that this canal project was the origin of what appears to have been the first suggestion of a railroad in East Tennessee. In 1827 a petition from citizens of this section was presented to the Tennessee legislature, asking for a charter for a railroad to connect the Hiwassee and Coosa rivers.⁵

From this proposal it was a very easy transition to the similar suggestion of a road to connect the Little Tennessee and the Savannah, which would provide a direct outlet to the coast. And by 1831, the railroad enthusiasts of East Tennessee had advanced be-

³ *Knoxville Register*, May 12, 1824, Feb., 18, 1829; J. G. M. Ramsey, *Autobiography*, 17-18.

⁴ W. E. Martin, *Internal Improvements in Alabama* (Johns Hopkins Studies in Historical and Political Science, Series XX, No. 4, 1902), 34, 38; T. J. Campbell, *The Upper Tennessee* (Chattanooga, 1932), 6; *Priv. Acts* (Tennessee), 1823, p. 263. *Governors' Papers* (Wm. Carroll), Tennessee State Library, Nashville, Tenn.

⁵ *Sen. Jr.*, Sept. 29, 1827.

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Tennessee State Library, Nash-

yond this early conception of the railroad merely as a supplement to river navigation, and were advocating the establishment of direct rail communication with the seaboard by the construction of a line to connect with the Charleston and Hamburg Railroad then under construction in South Carolina. Contemporaneous with the advocacy of this plan, the citizens of upper East Tennessee were becoming excited over the possibilities of obtaining an outlet in another direction by effecting a connection with a railroad being projected in Virginia. Since this second proposal in its earlier phase was the more short-lived of the two, it will be considered first.

This project originated with the incorporation by the Virginia legislature early in 1831 of the Lynchburg and New River Railroad, which was designed as a continuation of the James River Canal to the upper waters of the Kanawha with a view to providing a continuous means of communication from Richmond to the Ohio River. Enterprising inhabitants of southwestern Virginia became interested almost immediately in the possibility of extending this road into Tennessee. The idea was suggested at a meeting in Abingdon on April 23, and it elicited immediate response from the citizens of Jonesboro and Rogersville in East Tennessee.⁶ There followed a series of meetings in advocacy of the plan, held at various places in East Tennessee and Virginia, which culminated in a large convention at Abingdon on August 25-29. Meanwhile, a large amount of interest was developed; and although a considerable discussion occurred as to whether the road should terminate at Kingsport, the prospective head of navigation on the Tennessee, or at Knoxville, some enthusiasts, such as Solomon D. Jacobs of Knoxville, even envisioned the iron rails extending all the way to the Mississippi.⁷

The Abingdon Convention, in which most of the counties of East Tennessee and Southwestern Virginia were represented, was an enthusiastic gathering. The delegates brought with them valuable statistics of trade already passing over the projected route of the road, on the basis of which a select committee of eight reported that the profits of the company, once the road should be in operation, could not be less than 10% on the estimated cost of construction. The convention adopted a resolution advocating the extension of the Virginia road to Knoxville. It appointed committees to draw up an address to the people, to prepare bills and memorials to be

⁶ *Knoxville Register*, May 4, July 13, 1831; *Rail-Road Advocate*, July 4, 1831.

⁷ The proceedings of these meetings were printed in the current issues of the *Rail-Road Advocate* and the *Knoxville Register*.

presented to the legislatures of Tennessee and Virginia, and to devise ways and means of securing a survey of the route.⁸

Attention was now shifted to the legislative halls of Tennessee and Virginia, for without financial aid from the governments of these two states, in addition to the grant of the necessary charters of incorporation, the project could not hope for success. In the Tennessee legislature these early railroad enthusiasts were ably represented by General R. G. Dunlap, the chairman of the House Committee on Internal Improvements, who not only advocated the incorporation of the Virginia road in Tennessee, but urged at length the adoption by the state of the policy of making liberal subscriptions to the stock of all railroad companies incorporated by the legislature. As a means of obtaining the necessary funds he suggested that the state could borrow the money at four or five per cent interest, and insisted that the dividends on the stock would easily take care of the liquidation of the debt. He closed his report with an eloquent eulogy of this East Tennessee and Virginia project, which is typical of the extravagant claims to be made frequently thereafter as to the benefits to be derived by East Tennessee from railroad transportation:⁹

The proposed railway, when constructed, will make East Tennessee one of the most desirable and valuable portions of the interior of the Union. It will unfold the boundless, but hidden treasures of the earth, to the enterprize of our citizens, stimulated with the certainty of a cheap and speedy road to market. It will invite capitalists from abroad to settle in our healthful highlands and beautiful valleys. It will cause extensive manufactures to be erected on our streams, the power and value of which are not equalled by any portion of the United States. It will make the whole country smile with the profitable industry of the people. It will heighten the sun of our prosperity, and gladden the hearts of a people who have been denied the equal benefits of commerce.

Although the bill authorizing the extension of the Lynchburg and New River Railroad to Knoxville passed the legislature practically as drafted by the Abingdon convention, the collateral Dunlap measure providing for a subscription by the state of one-third of the stock in all railroad and turnpike companies chartered was de-

⁸ *Rail-Road Advocate*, Sept. 15, 29, 1831; *Knoxville Register*, Sept. 7, 14, 1831. For the address to the people, see *ibid.*, Nov. 16, 1831.

⁹ *H. Jr.*, 1831, pp. 255-65 (Dec. 3).

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Knoxville Register, Sept. 7, 14,
d., Nov. 16, 1831.

feated on the first reading by a vote of 18 to 21.¹⁰ Undaunted by
this failure, the projectors of the road turned their attention to the
Virginia legislature. Again, however, they were destined to meet
with disappointment. A bill providing for the subscription by the
State of Virginia of two-fifths of the stock of the Lynchburg and
New River Railroad Company was defeated after a heated debate
by a vote of 37 to 61. A short time later, the company gave up
its charter and abandoned the undertaking.¹¹

The *Rail-Road Advocate*, upon receipt of the news that the Vir-
ginia legislature had declined to make a subscription, commented
with disappointment: "This intelligence we confess was unexpected
and has severely chilled the tender shoots of hope which had so
recently and sanguinely sprung up in regard to the brightening
prospects of our loved but neglected, almost ruined country." The
editors then continued with the advice that East Tennessee should
not wait for Virginia's cooperation, but should turn her attention to
the South, where the city of Charleston was waiting with outstretch-
ed arms.¹²

The inhabitants of this South Carolina city had become interested
at an early date in the establishment of communication with the
West, as a means of checking the rapid decline of commercial en-
terprise resulting from the falling price of cotton. Late in 1827
they obtained from the legislature a charter for the South Carolina
Canal and Railroad Company which was authorized to construct a
road from Charleston to the Savannah River at Hamburg, just
across the river from Augusta. Begun in 1830, this road was com-
pleted in 1833, and was for the time-being the longest railroad
in the world. Not satisfied with this impressive accomplishment,
the officers of the company had already initiated plans for the ex-
tension of their line farther into the West.¹³

These plans were inspired, at least in part, by suggestions made
by an eminent Knoxville physician and historian, Dr. J. G. M. Ram-
sey, who seems to have been the first in East Tennessee to envision
the possibilities of rail communication with the Atlantic seaboard.
In March, 1828, while delivering an address of welcome to the
captain and crew of the *Atlas*, the first steam-boat to pass over
Muscle Shoals and ascend the river to Knoxville, he rather tactless-

¹⁰ *Priv. Acts*, 1831, pp. 157-72; *H. Jr.*, 1831, p. 314 (Dec. 10).

¹¹ *Rail-Road Advocate*, Mar. 27, May 1, 1832.

¹² *Ibid.*, Apr. 19, 1832.

¹³ U. B. Phillips, *A History of Transportation in the Eastern Cotton Belt*
to 1860 (New York, 1908), 132-69; S. M. Derrick, *Centennial History of South*
Carolina Railroad (Columbia, S. C., 1930), 1-70.

ly declared that the true interests of East Tennessee could best be promoted, not by the improvement of the Tennessee River, but by the establishment of "land communication" with the Atlantic Coast at Charleston or Savannah. Steamboat navigation on the upper Tennessee, he contended, would subject the farmers and manufacturers of this section of the state to the ruinous competition of the more fertile lands and more highly developed industries of the upper Mississippi Valley. A connection with the seaboard, on the other hand, would provide a more direct access to the foreign market, and also make possible the obtaining of imports by the same route.¹⁴ Later in the same year he visited Charleston and endeavored to convince the projectors of the South Carolina Railroad that it would be to their advantage to extend their line to the Tennessee River; and while there he contributed several articles to the *Charleston Mercury* in advocacy of this plan. Some of these articles were reprinted in the *Knoxville Register*.¹⁵

The Ramsey proposal, derisively dubbed "Mecklenburg Politics", for some time received little attention in East Tennessee, where the arrival of the *Atlas* had excited hopes that a new day was dawning in the economic development of the section.¹⁶ A few years later, however, when it was known that the Charleston and Hamburg road was actually in successful operation over a part of the route, the possibility of its being extended to the Tennessee was exciting considerable interest. In June, 1831, two representatives of the South Carolina Railroad Company attended a convention at Knoxville, at which resolutions were adopted promising "strenuous cooperation" on the part of the citizens of East Tennessee in the accomplishment of this object. A large committee was appointed to collect statistical information; and a central committee of three, headed by Dr. Ramsey, was requested to secure from the War Department a copy of the survey made by United States engineers between the Savannah and Tennessee rivers, and also to draft a memorial to the Tennessee legislature.¹⁷

This central committee reported in September that the survey made by United States engineers clearly demonstrated the practicability of a railroad from the Savannah River at Augusta to the valley of the Little Tennessee; but they suggested as an alternative a route across the state of North Carolina and over the mountains along

¹⁴ J. G. M. Ramsey, *Autobiography*, 18-19; *Knoxville Register*, Mar. 12, 1828.

¹⁵ *Ibid.*, Feb. 4, 11, 1829; Ramsey, 20.

¹⁶ *Ibid.* Mecklenburg was the name given to Ramsey's private mansion.

¹⁷ *Knoxville Register*, June 15, 1831.

f East Tennessee could best be of the Tennessee River, but by "connection" with the Atlantic Coast boat navigation on the upper part of the river, to protect the farmers and manufacturers from the ruinous competition of the developed industries of the upland with the seaboard, on the direct access to the foreign market by the same route as the Charleston and endeavoring to connect the South Carolina Railroad that runs from Charleston to the Tennessee River and their line to the Tennessee River. Several articles to the *Charleston* and *South Carolina* were published.

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ber that the survey made demonstrated the practicability of a route from Augusta to the valley of the Tennessee as an alternative route over the mountains along the Tennessee River. *Knoxville Register*, Mar. 12, 1828. Ramsey's private mansion.

the valley of the French Broad River.¹⁸ On the basis of these conclusions, they drafted a memorial to the legislature which resulted in the incorporation, on December 17, 1831, of the Knoxville and Southern Railroad Company. This company was authorized to construct a road from some point on the Tennessee River admitting of steamboat navigation to the southern boundary of the state, and to unite, for the purpose of effecting a connection with the South Carolina Railroad, with any company incorporated by Georgia, North Carolina, or South Carolina.¹⁹

Since one of the two routes under construction lay across North Carolina, the people of that state became interested. Consequently, on September 4, 1832, a convention of delegates assembled at Asheville, in which four counties of Tennessee and three of North Carolina were represented. Mitchell King, of Charleston, presided. Resolutions were adopted affirming the practicability of the French Broad route; committees of correspondence were appointed for each of the three states concerned; and measures were taken to secure a preliminary survey of the route by United States engineers. In response to the request of Mr. King, Colonel Stephen H. Long was detailed for this service. The South Carolina legislature appropriated \$1,000 as its share of the expense involved, and the Tennessee legislature appropriated \$500; but since both appropriations were made dependent upon similar action by North Carolina, and this state failed to make any appropriation, nothing further was done.²⁰

For some time after the Asheville convention the excitement in South Carolina caused by the nullification controversy, and the preoccupation of East Tennessee with plans for river improvement resulted in a rapid decline of public interest in this railroad enterprise. In 1835, however, the movement was revived in the even more expansive form of a proposal that a railroad be built from the Ohio River to Charleston, the initiative this time being taken by citizens of Cincinnati.²¹ Under the brilliant leadership of Robert Y. Hayne, the people of Charleston enthusiastically endorsed the idea; and in December, 1835, the legislature of South Carolina granted a charter of incorporation, and appropriated \$10,000 to finance a preliminary survey. Within the course of a few months the company

¹⁸ *Ibid.*, Sept. 14, 1831; 22 Cong., 1 Sess., *H. ex. doc.* No. 104.

¹⁹ *Priv. Acts*, 1831, pp. 232. The memorial was printed in *Knoxville Register*, Dec. 28, 1831.

²⁰ *Knoxville Register*, Sept. 12, 1832; Derrick, *op. cit.*, 129-131; Phillips, *op. cit.*, 169-70; Ramsey, *op. cit.*, 26; *Priv. Acts* (Tennessee), 1833, p. 47.

²¹ *Rail-Road from the Banks of the Ohio River to the Tide Waters of the Carolinas and Georgia* (Cincinnati, 1835). Pamphlet in Tenn. State Library.

was incorporated in the states of North Carolina, Tennessee, and Kentucky, and a group of South Carolina commissioners were busily engaged in examining the mountain passes through the Appalachian barrier.²²

Meanwhile, interest was rapidly developing throughout East Tennessee, and considerable rivalry was manifested over the location of the route. Most prominent in public favor was a route entering Tennessee through the French Broad Valley, as already approved by the Asheville Convention, and after passing in the vicinity of Knoxville, going out through Cumberland Gap into Kentucky. The people of the upper counties, however, hoped that the road would pass directly through upper East Tennessee; and Thomas A. R. Nelson, in a letter to Hayne, emphasized the shortness of this route. He argued furthermore that Carter county alone, if provided with transportation facilities, could manufacture enough iron to supply the whole United States.²³ The people of the lower counties, on the other hand, were already making plans to effect a connection with a railroad being projected in Georgia, which was to run from Augusta, opposite the terminus of the Charleston and Hamburg Railroad, through Athens, Georgia, to the Tennessee River, or to an even more western terminus on the Mississippi, at Memphis.²⁴ A meeting of citizens at Philadelphia, Tennessee, in December, 1835, petitioned the legislature for a charter; and the General Assembly in February, 1836, in response to this petition, incorporated the Hiwassee Railroad Company, giving it authority to construct a road from Knoxville or Blair's Ferry (now Loudon) to the southern boundary of the state, and to unite with the Augusta-Memphis line.²⁵ The interest of these lower East Tennesseans in the Cincinnati and Charleston project was therefore joined with the hope that a route might be selected which would pass around the southern end of the mountain barrier and make their road a link in the great chain.

Interest was further developed by the assembling in Knoxville on July 4, 1836, of a mammoth convention of some four hundred delegates representing nine states. Robert Y. Hayne of South Carolina presided. The commissioners who conducted the preliminary survey presented their report, in which they pronounced the project feasible,

²² Derrick, 131-47; *Priv. Acts* (Tennessee), 1835-6, pp. 1-4 (Jan. 21, 1836). The Kentucky Charter insisted upon the construction of branches to Louisville and Maysville; and the name of the company was therefore changed to the Louisville, Cincinnati and Charleston Railroad Company.

²³ Apr. 18, 1836, Nelson Papers (McClung Collection, Lawson McGhee Library, Knoxville, Tenn.).

²⁴ Phillips, 221-3, 301-6.

²⁵ Tenn. Archives; *Priv. Acts*, 1835-6, pp. 23-31.

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and estimated the cost at approximately \$12,000,000. On the basis
 of this report the convention adopted the French Broad route, but
 made provision for a branch line through Georgia in an effort to con-
 ciliate the delegation from that state. The convention closed on
 July 8 with a barbecue given by the citizens of Knoxville, at which
 President Hayne closed a brilliant address with the following toast:
 "The South and the West.—We have published the banns—if any
 man know ought why these should not be joined together, let him
 speak now, or forever hold his peace." Thus the railroad enterprise
 was well launched.²⁶

The delegates from Georgia, however, were greatly disappointed
 by their failure to secure action at the convention which would bring
 the main line of the road through their state. The delegates from
 lower East Tennessee, particularly from McMinn county, were also
 dissatisfied; and it is said that they called the attention of the
 Georgia delegation to the existence of the Hiwassee Railroad chart-
 er, and received instructions to proceed with the opening of sub-
 scription books, and a promise on the part of the Georgians to build
 a road to meet them at the state line. Thus the Hiwassee Railroad
 project, which seems to have been submerged in the general excite-
 ment relative to the Knoxville convention, was suddenly revived; and
 the subscription books, which were to have been opened on July 4,
 were somewhat tardily placed before the public.²⁷

The initiation of these two railroad enterprises in East Tennessee
 was also very intimately connected with the adoption by the state
 of a general system of state aid to internal improvements at the
 legislative session of 1835-6. In October, 1835, a meeting of citizens
 of Washington county at Jonesboro drafted a fervent memorial to
 the legislature to which some six hundred signatures were attached.
 The memorialists expressed a "deep conviction that the period had at
 length arrived when the honor, no less than the best interests of
 Tennessee, imperiously demand that her Gov't. should commence
 and vigorously prosecute a system of Internal Improvements upon
 a scale commensurate with her credit and resources." They viewed
 with "deep and painful mortification" the enlightened spirit at work
 in younger states while Tennessee "remained in a state of inglorious
 inaction." They referred specifically to the fact that East Tennessee

²⁶ *Proceedings of the Knoxville Convention, in Relation to the Proposed
 Louisville, Cincinnati and Charleston Railroad, Assembled at Knoxville, Ten-
 nessee, July 4th, 1836* (Knoxville, 1836). See also *Knoxville Register*, July 13,
 1836; *Niles Register*, LI, 44 ff.; Derrick, 148-51; Phillips, 182-4.

²⁷ J. B. Killebrew and J. M. Safford, *Introduction to the Resources of
 Tennessee* (Nashville, 1874), 311; *Knoxville Register*, July 13, 1836.

was most grievously oppressed by the want of commercial facilities, and directed attention to the proposed Cincinnati and Charleston Railroad as a means of adding to the wealth and resources of this section alone a sum far exceeding the whole cost of its construction. They closed with an earnest solicitation that the legislature act in concert with the other states in rendering financial assistance in the accomplishment of the work, pledging the credit of the state, if necessary, to secure the funds.²⁸

These sentiments were enthusiastically echoed at numerous other meetings held at various points throughout East Tennessee; and the editor of the *Nashville Republican* was led to comment: "A loud voice has come from the hills and valleys of East Tennessee, upon the subject of Internal Improvements, which we trust will find a response among the liberal and enlightened citizens of every other part of the State."²⁹ In fact, interest in internal improvements was becoming general throughout Tennessee at this time, since a number of railroads and turnpikes were being projected in the other sections. In response to this general demand, and to the earnest recommendation of Governor Cannon, the legislature in February, 1836, enacted a law authorizing the governor on behalf of the state to subscribe for one third of the stock in all railroad and macadamized turnpike companies incorporated by the General Assembly. Only three East Tennessee votes were cast against this bill; and it was generally recognized that the vigorous and united stand taken by the representatives from this section, under the leadership of Addison A. Anderson and George W. Churchwell, was a decisive factor in securing the adoption of the measure.³⁰

According to the provisions of this law the aid of the state was not to be available to any company until the remaining two thirds of the stock had been taken by individual subscribers, and in the opinion of the Governor, Treasurer, and Secretary of State was "well secured". The projectors of the two East Tennessee railroads, therefore, although much encouraged, still had a difficult problem confronting them, if the essential aid of the state was to materialize. The scarcity of liquid capital in the undeveloped section of East Tennessee was soon to prove a difficult obstacle to surmount. To secure the adoption of enthusiastic resolutions in favor of the con-

²⁸ Tenn. Archives.

²⁹ Jan. 30, 1836.

³⁰ *H. Jr.*, 1835-6, p. 108; *Nashville Republican*, Feb. 13, 16, 1836; *Knoxville Register*, Mar. 13, 1836. The act was passed by a union of forces of East and West Tennessee over the opposition of Middle Tennessee. The two parties were divided rather evenly on the question.

of commercial facilities, and Charleston Railroad and resources of this section. The cost of its construction, at the legislature act in financial assistance in the credit of the state, if

passed at numerous other East Tennessee; and the to comment: "A loud of East Tennessee, upon we trust will find a citizens of every other external improvements was this time, since a number of projects in the other section had to the earnest recommendation in February, 1836, on behalf of the state to the railroad and macadamized General Assembly. Only at this bill; and it was united stand taken by the leadership of Addison, was a decisive factor

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b. 13, 16, 1836; *Knoxville* union of forces of East Tennessee. The two parties

struction of a railroad was comparatively easy; but to induce poor and struggling farmers and merchants to invest their hard-earned savings in what was at best a precarious undertaking was an entirely different proposition.

The early efforts to obtain the necessary two-thirds subscriptions were disappointing. Subscription books were opened by the commissioners for the Hiwassee Railroad Company early in July, 1836; but several months later, when only a few days remained in which to obtain the subscription of the \$400,000 necessary to avoid the forfeiture of the charter, it was found that only about \$120,000 had been subscribed. Accordingly, six railroad enthusiasts of McMinn county agreed among themselves to make up the deficit, with the understanding, however, that they would not permit the organization of the company until they had been able to dispose of enough of their stock to enable them to meet the calls for payment on what they retained.³¹ By April, 1837, the stock had been sufficiently distributed to permit an organization; a board of directors under the presidency of Solomon D. Jacobs was then elected, and advertisements were made for the grading of the portion of the road lying between the Hiwassee and Tennessee rivers.³²

Since the subscription of \$400,000 also represented two-thirds of the capital stock, the company immediately made application to the governor for the state bonds in payment of the state subscription. Governor Cannon, however, replied that he had no means of judging the solvency of the individual subscribers, and therefore insisted that he could not consider these subscriptions to be "well secured", unless the company would execute a bond guaranteeing their payment. He suggested as another alternative that the presentation of evidence that a third or a fourth of the amount subscribed had actually been paid in would be considered as sufficient security to justify the issuance of the state bonds. He enclosed an opinion of the Attorney General justifying his interpretation of the law.³³ The large amounts of stock still in the hands of the six McMinn county subscribers, however, rendered it impossible for the company to adopt either of the alternatives suggested by the governor; and the state subscription, therefore, was not forthcoming. Nevertheless, the work of surveying was continued by Chief Engineer Trautwine; the contract for grading the 41½ mile span between the Hiwassee and Tennessee rivers was let to an Irish contractor by the name of

³¹ Killebrew and Safford, *op. cit.*, 311.

³² *Knoxville Register*, April 26, July 26, 1837.

³³ Cannon to Jacobs, May 25, 1837, in *ibid.*, June 7, 1837.

Kennedy Lonergan on June 4; and the work of construction was actually begun during the latter part of August, 1837. Thus the Hiwassee Railroad Company attained the honor of being the first to break ground in the construction of a railroad in the state of Tennessee.³⁴

Even less success in the efforts to achieve eligibility for the state subscription was attained by the projectors of the railroad from Cincinnati to Charleston. Shortly after the Knoxville convention Robert Y. Hayne issued an address to the people explaining the significance of the project and asking general support; and in October subscription books were opened in all five of the states concerned. The East Tennessee newspapers supported the project enthusiastically, and printed numerous excerpts from the Charleston and Cincinnati press, in which rosy pictures were painted of the advantages to be derived from the construction of the road.³⁵ Nevertheless, when the commissioners assembled in Knoxville in November to ascertain the number of shares subscribed, it was revealed that outside of South Carolina the response was very disappointing. Although East Tennesseans had subscribed a total of \$355,400, which greatly exceeded the subscriptions in any other state except South Carolina, this sum represented only a small portion of two-thirds of the estimated cost of construction in Tennessee, which would be necessary to make the company eligible for the state subscription. As a result of the especially generous response from citizens of South Carolina, however, the goal of \$4,000,000 necessary to permit the organization of the company was attained; and the first meeting of the stockholders was held in January, 1837. A board of directors was chosen, and Robert Y. Hayne elected to guide the destinies of the company as its president.³⁶

The failure of both of these railroad enterprises to qualify under the provisions of the state aid law of 1836 made it evident that unless the system should be made more liberal no benefits could be derived from it in East Tennessee. Furthermore, the breaking upon the country of a serious financial panic in 1837 greatly increased the difficulties of these companies, and rendered an increase in the amount of state aid even more essential if there was to be any hope of success. The adoption by Congress in June, 1836, however, of the policy of distributing the surplus revenue among the states pre-

³⁴ *Knoxville Register*, July 26, Aug. 30, 1837; Killebrew and Safford, 311.

³⁵ See especially *Tennessee Farmer* (Jonesborough), November, 1837.

³⁶ Derrick 154, 160; *Proceedings of the First Meeting of the Stockholders of the Louisville, Cincinnati and Charleston Rail-Road Company, held in Knoxville, on the 9th of January, 1837.*

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sented an effective argument in favor of a greater measure of liber-
ality on the part of the legislature.³⁷ Each of the East Tennessee
companies, therefore, made plans to present its case aggressively be-
fore the General Assembly of 1837-8.

The directors of the Hiwassee company drafted an eloquent
memorial to the legislature, in which they vigorously criticized the
interpretation which the Governor had placed upon the act of 1836,
and insisted that they were particularly deserving of relief in view
of the serious delays occasioned by their failure to receive the state
bonds to which they claimed they were entitled. They urged that
the state subscription be increased from one-third to one-half, and
suggested that this would be an excellent policy to be adopted as a
general one for the state.³⁸

Meanwhile, the officials of the Charleston company were attempt-
ing to salvage their railroad enterprise by associating with it a bank
of large proportions and extensive privileges. In December, 1836,
the South Carolina legislature passed an act authorizing the railroad
company to establish a separate corporation for banking purposes,
under the name of the Southwestern Railroad Bank. Since no one
was to be permitted to become a stockholder in the bank who was
not a stockholder to an equal amount in the railroad, it was ex-
pected that the value of the railroad shares would be correspond-
ingly increased. Not only would the bank dividends provide an ex-
cellent source of funds for the building of the road, but they
would also reconcile the stockholders to the necessary delays in the
receipt of dividends on the railroad stock.³⁹

The bank charter was not to go into effect, however, until it had
been concurred in by at least two other states, and the subscrip-
tions of stock in the railroad company increased to \$8,000,000. The
North Carolina legislature incorporated the bank in January, 1837;⁴⁰
and Robert Y. Hayne appeared in person before the General As-

³⁷ An unsuccessful effort was made during the special session of 1836 to
secure an appropriation of Tennessee's share of this fund (the amount actually
received was \$1,433,757.39) in aid of internal improvements; but with the excep-
tion of \$15,000 appropriated for the survey of a Central railroad, and \$2,500
for Tennessee's share of the expenses incurred in the preliminary survey of
the Cincinnati and Charleston route, it was deposited in Nashville and Memphis
banks. *Pub. Acts*, 1836, pp. 9-14. This question became a major issue in the
state campaign of 1837.

³⁸ *H. Jr., App.*, 1837-8, pp. 762-77. Included in the memorial was a table
showing in itemized form the anticipated receipts from traffic on the road, on
the basis of which it was concluded that the profits of the company would
be at least 15% on the estimated cost of construction.

³⁹ Phillips, 189-91; Derrick, 156-8.

⁴⁰ *Ibid.*, 158.

sembly of 1837-8 to obtain similar action from the state of Tennessee. His eloquence was convincing and the legislature responded with an endorsement of the bank charter on December 5, 1837.⁴¹ The news of the passage of this bill was received in East Tennessee with great rejoicing; and on the evening of December 11, according to the editor of the *Register*, the whole populace of Knoxville participated in a "common demonstration of joy," which was marked by a salute of fifty-six guns, the ringing of bells, the building of bonfires, and pyrotechnic displays.⁴²

In his address before the legislature, and in the memorial which he presented on behalf of his company, President Hayne had joined his request for the grant of banking privileges with an earnest solicitation that the Tennessee subscription to the stock of the railroad company be increased to \$1,000,000. His success with regard to the first part of his mission was taken as an indication that he would be at least partially successful in the second part also. Upon his return to South Carolina, he used the assurance which he was able to give that the "support of Tennessee was now certain" as a means of securing additional aid from the South Carolina legislature. He immediately wrote to a member of the Tennessee legislature, stating that the success of the project was now all the more dependent "on the million to be subscribed by Tennessee", since it was necessary to have \$8,000,000 subscribed by the end of the month in order to save the charter of the bank, and that all but \$700,000 of this amount had been obtained.

This letter arrived in Nashville almost simultaneously with the final vote in the House on the Bank and Improvement Act of 1838, which increased the proportion of the state's subscription to the stock of internal improvement companies from one-third to one-half. Not only the influence of Hayne, but also the almost unanimous support given the measure by the representatives of East Tennessee aided materially in overcoming the opposition of Middle Tennessee and securing its adoption. The act was also the result of a consummate system of log-rolling which attempted to reconcile all the divergent sectional interests, to satisfy the advocates of rail, river, and turnpike transportation, and to secure the support of the elements in favor of the establishment of a state bank and a state

⁴¹ *H. Jr., App.*, 1937-8, pp. 836-58; *H. Jr., and Sen. Jr.*, Nov 22, 23, 1837; Acts, 1837-8, p. 36; *Nashville Republican*, Nov. 23, 24, 1837. See also T. D. Jervay, *Robert Y. Hayne and his Times* (New York, 1909), p. 447 and *passim*.

⁴² *Knoxville Register*, Dec. 13, 1837.

⁴³ Copied from the *Nashville Banner* in the *Knoxville Register*, Jan. 3, 1838. The letter was dated Columbia, Dec. 18, 1837.

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system of education. All these varied interests were combined in one elaborate measure.⁴⁴

It is indicative of the overpowering interest of East Tennessee in railroad construction that its delegation in the legislature decided to place practically the whole of East Tennessee's share of the \$4,000,000 appropriated in aid of internal improvements at the disposal of the two East Tennessee railroad enterprises. The sum of \$650,000 was to be subscribed to each company; \$100,000 was to be applied to river improvement; and a provision was included to the effect that if either railroad failed to qualify for its subscription, this amount was to be available for turnpike companies in East Tennessee.⁴⁵

The people of this section, however, were not entirely satisfied with this arrangement. The appropriation of the same amount for the Hiwassee Railroad as for the Louisville, Cincinnati, and Charleston company was especially subject to criticism; and the Hiwassee project immediately became the target of a bitter attack by the supporters of the Charleston enterprise, who were joined by the friends of the river and turnpike interests of East Tennessee. The fact that the Western and Atlantic Railroad of Georgia had determined to seek a terminus of its own on the Tennessee River at Ross Landing (now Chattanooga) rather than content itself with a connection with the Hiwassee, was seized upon as justification for this attack. It was argued that this would not only necessitate an extension of the Hiwassee road for at least six miles into the state of Georgia to enable it to effect a junction with the Georgia system, but that it would limit the use of the road to import trade. Exports would naturally be carried on down the river to Ross Landing, and transferred to the railroad at that point. The controversy was also characterized by the development of rivalry between Athens, the center of the Hiwassee Railroad influence, and Knoxville. The Athens newspapers charged that the opposition of Knoxville to the Hiwassee project was dictated by their fears that the construction of the road would endanger Knoxville's position of dominance in East Tennessee.⁴⁶

The influence of this adverse criticism is indicated by the fact that within ten days after the General Assembly had authorized the

⁴⁴ H. Jr., 1837-8, Dec. 22, 1837; Sen. Jr., 1837-8, Jan. 3, 11, 1838; Acts, 1837-8, pp. 153-66; Knoxville Register, Dec. 27, 1837.

⁴⁵ For a vivid description of the log-rolling procedure, especially with reference to East Tennessee, see letter of A. O. P. Nicholson, the chief sponsor of the bill in the House, to the editor of the Knoxville Register, Jan. 8, 1838, in *ibid.*, Jan. 17, 1838.

⁴⁶ Knoxville Register, Jan. 17, 31, Feb. 7, 8, 14, 1838.

\$650,000 subscription to the stock of the Hiwassee Railroad, it passed an act giving this company permission to construct a turnpike instead of a railroad along the route. With a view to carrying out this design a special meeting of the stockholders was called through the influence of Major Thomas Brown, of Kingston; but the turnpike proposal was overwhelmingly rejected, and a general desire was expressed for the rapid and vigorous prosecution of the enterprise as a railroad.⁴⁷ The work of construction was therefore pushed forward steadily, and by November, 1839, the president was able to report that the grading of fifty-two miles had been completed, and that twenty miles more would be ready for the rails by January 1. Suggestions were even being made of an extension of the road to the Virginia line.⁴⁸

This progress was not made, however, without surmounting serious obstacles. The severity of the economic depression made it very difficult indeed to collect the installments on the private subscriptions; and since according to the state aid law of 1838 no payments on the state subscription could be made until fifteen per cent had actually been paid in by the individual subscribers, the aid of the state was not available until near the close of that year. On November 1, however, the first installment of \$97,000 in bonds was issued by the governor; but such was the condition of the market that they could not be sold except at a ruinous sacrifice. They were therefore used as security for a loan, but were later disposed of at from 73 to 77 cents on the dollar. After a repetition of a process closely resembling the extraction of teeth, a second installment of fifteen per cent was collected from the individual subscribers; and a second lot of \$98,000 in bonds was issued by the governor on September 10, 1839. These bonds were retained for ninety days by the state bank, however, in an unsuccessful attempt to dispose of them at par; and in the meantime, the company was faced with the prospect of bankruptcy.⁴⁹ In December, 1839, Kennedy Lonergan, the chief contractor, wrote to Governor Polk that there was "Not one Dollar on the Whole Works," and stated that it had been necessary for the farmers and merchants in the vicinity to turn

⁴⁷ *Acts*, 1837-8, p. 258 (Jan. 27, 1838); *Knoxville Register*, Apr. 4, May 9, 1838.

⁴⁸ "Report of the President and Directors of the Hiwassee Railroad Company in answer to a Resolution of the General Assembly", Nov. 15, 1839, Tenn. Archives; *Elizabethton Whig*, Oct. 3, 1839.

⁴⁹ S. D. Jacobs to Gov. Cannon, Sept. 11, 1838, Governors' Papers (Tenn. State Library); *Sen. Jr.*, 1839-40, pp. 142-4; *H. Jr.*, *App.*, 1839-40, pp. 896-7; *H. Jr.*, *App.*, 1841-2, p. 157; *Knoxville Times*, Sept. 17, 1839.

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out and supply the laborers with food in order to keep the work of construction going.⁵⁰

It was evident, therefore, that additional aid from the state was imperative. The directors of the company, however, planned as a first resort to take advantage of the even more serious difficulties in which the Cincinnati and Charleston project had become involved, and attempt to effect a consolidation with that company. By this measure they expected to secure not only a transfer to their road of a large part of the state subscription to the Charleston company but also to obtain all the advantages of the Southwestern Railroad Bank. Before taking up the subject of this proposed consolidation it will be necessary, however, to review briefly the history of the Louisville, Cincinnati, and Charleston Railroad during this period.

Following the favorable action of the Tennessee General Assembly of 1837-8, the friends of this enterprise in East Tennessee were very much encouraged; and meetings of the East Tennessee stockholders were held in Knoxville in advocacy of immediate commencement of the work on the Tennessee section. On January 21, 1839, Governor Cannon issued \$32,000 in bonds in part payment of the Tennessee subscription, in order to provide the funds for the final survey and location of this part of the route.⁵¹ The grant of banking privileges resulted in a rapid increase in the subscription list; and it was possible to put the Knoxville branch of the Southwestern Railroad Bank in operation in February, 1839. Dr. J. G. M. Ramsey was elected president, and so ably did he administer its affairs that this bank was one of the few in the South and West which did not suspend specie payments during the recurrence of the financial crisis in 1839.⁵²

It was this unfavorable financial situation, however, which was largely responsible for the disappointment of the people of East Tennessee in regard to their hopes of seeing the road under construction in their own state. The serious decline in the price of cotton made it almost impossible for the South Carolina subscribers to make the payments on their subscriptions. The state of the money market made it equally impossible to dispose of state securities.

⁵⁰ Dec. 11, 1839, Papers of James K. Polk, First Series, XLI. (Mss. in Library of Congress).

⁵¹ Knoxville Register, Mar. 21, July 11, Aug. 15, 1838; H. Jr., App., 1839-40, pp. 896-7. Pres. Hayne prepared an address to the East Tennessee stockholders in which he presented in tabular form an estimate of the remarkable savings the people of East Tennessee would be able to make by means of railroad transportation on the import trade alone, *ibid.*, Apr. 4, 1838.

⁵² *Ibid.*, Jan. 23, Feb. 20, 1839; Ramsey to Polk, Dec. 18, 1839, Polk Papers, First Series, XLII.

The company, therefore, laboring under a heavy load of debt caused by the purchase and repair of the South Carolina Railroad, was in no position to undertake the difficult and expensive task of piercing the mountain barrier, particularly in view of the failure of North Carolina to grant any effectual aid to the enterprise. Consequently, the stockholders decided in September, 1839, to concentrate for the present upon meeting the obligations of the company, and completing the branch to Columbia.⁵³

Moreover, the acquisition of the Charleston and Hamburg road had given the company an opportunity to gain access to the West in another direction. From Augusta, opposite the western terminus of this line, the citizens and the state of Georgia were making rapid progress in the construction of a series of railroads extending to Chattanooga, on the Tennessee River; and were expecting to attain a connection by rail and river with the thriving town of Memphis on the Mississippi. Furthermore, the completion of the Hiwassee Railroad would provide this Georgia system with direct access to Knoxville. Since rail communication already existed along this route to a point nearly 250 miles from Charleston, the trade of East Tennessee was beginning to turn in this direction; and Charleston merchants were advertising in the Knoxville newspapers. In view of the failure of Kentucky to grant any assistance whatever to the Cincinnati and Charleston enterprise, the company no longer had any intention of extending this road beyond Knoxville; and many South Carolinians considered it ridiculous to build two roads between Charleston and Knoxville.⁵⁴

Nevertheless, Robert Y. Hayne still hung tenaciously to his original design of constructing a railroad directly over the mountains, and the East Tennessee friends of this enterprise refused to give up hope as long as he remained at the head of the company. With the death of Hayne, however, in September, 1839, even Dr. Ramsey despaired of seeing a railroad enter Tennessee along the French Broad valley.⁵⁵ In view of the imminent abandonment of the railroad project upon which the charter in Tennessee of the Southwestern Railroad Bank depended, it behooved the directors of

⁵³ *Proceedings of the Louisville, Cincinnati and Charleston Railroad Company*, 1839; See also Derrick, 168-173.

⁵⁴ Phillips, *op. cit.*, chs. 5 and 7; *Knoxville Times*, Sept. 13, 1839; *Knoxville Register*, Feb. 6, 20, 27, 1839; *Nashville Whig*, June 21, 1839. See also, Derrick, 177, and Jervey *op. cit.*, *passim*.

⁵⁵ Ramsey to Polk, Sept. 26, 1839, Polk Papers, First Series, XL. Meanwhile, the Tennessee directors of the railroad company had come to the decision that no Tennessee funds should be expended on the undertaking until the road reached the Tennessee line, Ramsey to Polk, Dec. 18, 1839, *ibid.*, XLII.

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the Knoxville branch of this institution to take steps for the preservation of their corporate rights. It was this situation which led them to give some consideration to the idea of effecting a consolidation of their railroad company with the Hiwassee enterprise.

The first public suggestion of this plan seems to have been made in editorial columns of the *Knoxville Times*⁵⁶ early in October, 1839. On October 26 a meeting of citizens in Knoxville, called by John C. Trautwine, Chief Engineer of the Hiwassee Railroad Company, appointed a "mediatorial committee" of five to enter into correspondence with the boards of directors of the two companies regarding the terms of union. The question was referred to a committee of Tennessee directors by the stockholders of the Louisville, Cincinnati, and Charleston Railroad Company at a meeting held on December 4; but the officials of the Hiwassee Railroad, unwilling to await action on the part of the other company, had already drafted a bill providing the consolidation, and it was introduced in the Tennessee General Assembly on December 7 by Solomon D. Jacobs, President of the Hiwassee Railroad, and a member of the lower house. This bill provided for the transfer to the Hiwassee project of \$450,000 of the state subscription to the Louisville, Cincinnati, and Charleston Railroad. The remainder of this subscription was to be subscribed to a turnpike company authorized to construct a turnpike from Knoxville to the Virginia line. The Hiwassee stockholders were to be allowed to take stock in the Southwestern Railroad Bank, and the capitalization of this institution, and also of the railroad company, was to be proportionately increased.⁵⁷

It was a very inopportune time, however, to present such a measure before the legislature. The failure of the Bank and Improvement Act of 1838 to achieve the beneficent results expected had resulted in a sudden turn of public sentiment against the system of state aid; and this same session of the General Assembly repealed by an overwhelming majority all laws authorizing subscriptions on behalf of the state to the stock of internal improvement companies.⁵⁸ Furthermore, even the East Tennessee delegation failed to take a united stand in favor of the measure. The powerful river interests refused to support the bill because it failed to set aside any part of the Louisville, Cincinnati, and Charleston appropriation for river improvement. There were also many supporters of the Cincinnati and

⁵⁶ Oct. 4, 1839.

⁵⁷ *Knoxville Times*, Oct. 25, 29, Dec. 13, 1839; Ramsey to Polk, Dec. 18, 1839, *loc. cit.*; H. Jr., 1839-40, p. 467 (Dec. 7).

⁵⁸ *Acts*, 1839-40, pp. 1-7 (Jan. 25, 1840). The act, however, did not repeal any subscriptions already made.

Charleston enterprise who still hoped that the French Broad route would not be permanently abandoned. Finally, an announcement by the governor of Georgia that work on the Western and Atlantic road was certain to be suspended came as a serious blow to the Hiwassee enterprise.⁵⁹

The most important influence leading to the defeat of the consolidation measure, however, was the fact that it had been drafted and introduced by the officials of the Hiwassee Railroad Company, all of whom were members of the Whig party. It was naturally viewed with suspicion by East Tennessee Democrats, who considered it a Whig maneuver designed to increase political influence of that party in the eastern part of the state by obtaining for it the control of the Southwestern Railroad Bank. Both Dr. J. G. M. Ramsey and Alexander Anderson of Knoxville wrote to Governor Polk that if passed as drafted it would seal the doom of the Democratic party in East Tennessee and create a political "life estate" in favor of the Whigs. Dr. Ramsey expressed the opinion, confidentially, that it was the design of the Whigs to depose him from his position as president of the bank because his currency sentiments and banking and political principles had "given offence in high places". He also argued that to consolidate the two roads "by legislation", prior to the action to be taken by the stockholders of the Charleston company at their regular meeting the following December, would be an act of bad faith to the states of North and South Carolina, and would be unjust to the people of upper East Tennessee.⁶⁰

As a result of these adverse influences, and because of the inability of the various interests involved to work out an acceptable compromise, the bill was decisively defeated on January 25 by a vote of 26 to 38.⁶¹ The plans for consolidation were therefore dropped; and when the affairs of the Louisville, Cincinnati, and Charleston Railroad Company failed to show improvement, its stockholders decided in December, 1840, to abandon definitely their plans of constructing a railroad over the mountains. They proposed to release the state of Tennessee from its subscription and to return the \$32,000 in bonds, provided the state would agree to pay its rateable proportion of the expenses incurred in surveying the route beyond the borders of South Carolina. Governor Polk submitted this offer to the legislature along with his message of October 7, 1841, and recommended its acceptance. The incoming governor, James C.

⁵⁹ *Knoxville Times*, Nov. 8, Dec. 27, 1839; *H. Jr.*, 1839-40, Jan. 13, 25, 1840.

⁶⁰ Anderson to Polk, Dec. 21, 1839, Ramsey to Polk, Dec. 18, 1839, Polk Papers, First Series, XLII.

⁶¹ *H. Jr.*, 1839-40, p. 567.

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Jones, recommended more specifically that the General Assembly determine what disposition should be made of the appropriation to the Charleston company, but suggested that "a highly useful and profitable investment" might be made of it in the eastern part of the state.⁶²

This suggestion met with vigorous opposition, however, from the representatives of Middle Tennessee, who insisted that the subscription be completely cancelled, and no re-assignment of it made, arguing that this would materially decrease the prospective debt of the state and lessen the danger of increased taxation or repudiation, which they claimed to be imminent. They contended that East Tennessee, in the subscription of \$650,000 to the Hiwassee Railroad, had already received state aid to an amount greatly exceeding what was justified by its relative proportion of taxable property. The East Tennesseans replied with the charge that citizens of Middle Tennessee, by methods of outright fraud against the state, had succeeded in obtaining the lion's share of the bonds actually issued, and had used them in the construction of an excellent system of turnpikes. They argued that it was very selfish on the part of Middle Tennesseans, after having monopolized all the benefits of the state aid system, to seek to deprive East Tennessee of its just share of the appropriations made by the sacred compromise of 1838.⁶³ So great was the resentment developed in East Tennessee that a movement was initiated in favor of the separation of this section from the rest of the state.⁶⁴

The chief obstacle in the way of obtaining a re-assignment of the appropriation, however, was the inability of the people of East Tennessee to agree among themselves as to how this aid should be distributed among the various internal improvement interests in their section. The Hiwassee Railroad naturally insisted that it was entitled to the larger portion of this subscription, pointing out that the purpose of this enterprise was the accomplishment of the same design expected to be attained by the original appropriation—that is, the establishment of rail communication between East Tennessee and Charleston. The steamboat interests of Knoxville, however,

⁶² *H. Jr.*, 1841-2, pp. 19, 94.

⁶³ *Sen. Jr.*, 1841-2, pp. 357-8, 420-1; *Nashville Whig*, Dec. 1841, Jan. 1842, *passim*.

⁶⁴ A resolution providing for this separation, introduced by Andrew Johnson, was actually adopted in the Senate, *Sen. Jr.*, Dec. 6, 1841, Jan. 18, 1842. Although several factors combined to induce this desire for separation, the proceedings of meetings and editorial comments in East Tennessee show that the internal improvement controversy was one of the most important. See particularly, *Jonesborough Whig*, Dec. 15, 1841, Aug. 24, 1842.

argued with equal stubbornness that a large part of the funds available be used in completing the removal of the obstructions in the river between that city and the Georgia line. The people of the upper counties, who had lost much of their interest in railroads with the collapse of the Cincinnati and Charleston enterprise, were equally insistent that the whole of the appropriation should be applied to the improvement of the navigation of the rivers east of Knoxville, or the construction of a system of macadamized roads. Finally, Dr. Ramsey headed a vigorous movement in favor of using the money for the establishment of another bank in East Tennessee to replace the Southwestern Railroad Bank which was in the process of gradual liquidation as a result of the abandonment of the railroad project upon which its charter depended.⁶⁵

Thus a veritable free-for-all fight developed over the prostrate form of the Cincinnati and Charleston railroad enterprise for the right to inherit its appropriation. The result was a deadlock in the legislature which prevented any action being taken during the regular session of 1841-2. The same struggle recurred during the special session of 1842; and not until an immediate decision on the question was made necessary by the filing of a suit against the Louisville, Cincinnati and Charleston Railroad Company did the East Tennessee delegation reach any semblance of agreement. But it was then too late. The opposition forces, especially of Middle Tennessee, were too well organized; and the act which was passed during this session merely provided for cancellation of the subscription, and the return of the bonds which had been issued, upon the payment to the company of whatever amount the court should decide to be Tennessee's share of the expenses for surveys. Thus the Louisville, Cincinnati, and Charleston appropriation was lost to East Tennessee.⁶⁶

Meanwhile, the Hiwassee Railroad Company was struggling along on the verge of bankruptcy, buoyed up chiefly by the hope of inheriting at least a part of the Cincinnati and Charleston subscription. Realizing that it would be suicidal to allow the work to be suspended during this critical period, the company adopted many and varied expedients in its efforts to keep the work going, some of which had disastrous consequences. The slowness with which payments on

⁶⁵ *Sen. Jr.*, 1841-2, pp. 376-85; *Jonesboro Whig*, Nov. 10, 1841, Jan. 5, 1842; *Nashville Whig*, Dec., 1841, Jan., Oct., 1842, *passim*; J. G. M. Ramsey, *Contributions to the Political, Secular and Religious Press*, 104-5 (Scrap-book in McClung Collection, Lawson McGhee Library, Knoxville).

⁶⁶ *H. Jr.*, 1841-2, pp. 79, 733, 749-51; *Sen. Jr.*, 1842, pp. 8 (Message of Gov. Jones), 77-8; *H. Jr.*, 1842, pp. 102-3; *Acts*, 1842, p. 27.

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a large part of the funds available for the removal of the obstructions in the Georgia line. The people of the East Tennessee of their interest in railroads and Charleston enterprise, were of the opinion that the appropriation should be applied to the navigation of the rivers east of the system of macadamized roads. Their movement in favor of using the other bank in East Tennessee was in the project of the abandonment of the river depended.⁶⁵

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company was struggling along chiefly by the hope of inheriting the Charleston subscription. Now the work to be suspended adopted many and varied work going, some of which had with which payments on

Whig, Nov. 10, 1841, Jan. 5, 1842; *ibid.*; J. G. M. Ramsey, *Contributions*, 104-5 (Scrap-book in Knoxville).

1842, pp. 8 (Message of Gov. 2, p. 27).

the individual subscriptions were paid resulted in a corresponding delay in obtaining installments on the state subscription; and the directors seem to have yielded to the temptation to allow unnecessarily large credits to certain subscribers in payment for rights-of-way or for work done on the road.⁶⁷ By May, 1841, \$357,000 in bonds had been received, but it was necessary to dispose of them at a loss of nearly \$80,000. The resultant shortage of funds necessitated the issuance of scrip, or negotiable demand warrants, in meeting the obligations of the company, and this was seized upon by the ever-present critics to cast discredit upon the enterprise.⁶⁸

By this time, about sixty miles of the roadway had been graded, and the bridge over the Hiwassee River nearly completed; and attention was naturally directed to the procuring of rails and the putting of a portion of the road in operation. Here, however, another problem presented itself. The price of iron rails was exceedingly high—\$110 a ton for imported rails, and \$125 a ton for those of American manufacture. The company therefore determined to take advantage of the resources of iron ore and coal along the route, and manufacture its own iron. The Chief Engineer estimated that this could be done at a cost of about \$30 a ton, and that the road could be ironed with superior rails at a saving of more than \$4,000 per mile.⁶⁹

Although this policy seems to have been adopted with laudable intentions, it merely served to supply the opponents of the road with more ammunition. The requests for additional aid from the state which was so essential to success were met by a demand for an investigation of the rumors of fraud and mismanagement, and with charges that the issuance of scrip and the manufacture of iron were both violations of the charter of the company. President Jacobs' vigorous defense of the policies adopted was eloquently supported by T. A. R. Nelson and William Rowles in the legislature, and the rumors of fraud appeared to be largely unfounded; but the expected aid from the state failed to materialize.⁷⁰

⁶⁷ "Testimony before a Committee appointed to investigate the East Tennessee and Georgia Railroad, 1849-50", *Tenn. Archives*.

⁶⁸ "Communication from the President of the Hiwassee Railroad Company, to the General Assembly of Tennessee", *H. Jr., App.*, 1841-2, pp. 156-169.

⁶⁹ *Ibid.*, "Report of Chief Engineer of the Hiwassee Railroad Company", Jan. 1, 1841, *Jonesboro Whig*, Feb. 3, 1841; *Sen. Jr.*, 1841-2, pp. 376-86.

⁷⁰ *Ibid.*; *H. Jr.*, 1841-2, 488-90, 497; *Nashville Whig*, Dec. 24, 1841, Jan. 8, 1842, and *passim*. After having failed to get a part of the Louisville, Cincinnati and Charleston appropriation, the company joined with the LaGrange and Memphis Railroad Company on Jan. 27, 1842, in presenting a memorial asking immediate payment of a large part of the amounts still due on the state subscriptions; but the request received little consideration. *Tenn. Archives*; *Nashville Whig*, Feb. 1, 1842.

By the summer of 1842 the company was so hopelessly involved in debt and had suffered such a loss of prestige that a deed of trust was executed in favor of T. Nixon Van Dyke and Spencer Jarnagin, in an attempt to save the project from complete bankruptcy. Even this measure proved disastrous, for it led directly to the filing of a suit against the company by the Attorney General of the state on October 3, 1842, asking the forfeiture of the charter.⁷¹ As a result of this action, all work on the road was suspended; and the Hiwassee project followed the Cincinnati and Charleston enterprise into complete abandonment, leaving about sixty-six miles of graded road, a bridge over the Hiwassee River, and an uncompleted iron establishment at Charleston, Tennessee, as mute testimonials of the fickleness of public sentiment. Although initiated with high hopes and great expectations during the boom time of 1835-6, the Hiwassee project was buried under an equally impressive revulsion of feeling against railroads during the later stages of the economic depression.

A few years later, however, when the Georgia roads, which had also been forced into suspension by the unfavorable financial situation, had been revived and were knocking at the doors of Tennessee, interest in the Hiwassee enterprise was again developed. This time it was successful, and under the new name of the East Tennessee and Georgia Railroad, was carried through to completion in 1855. The movement for a Virginia and Tennessee connection, so dear to the hearts of the editors of the *Rail-Road Advocate*, also came to life; and the East Tennessee and Virginia Railroad was completed in 1857.⁷² Even the ill-fated Cincinnati and Charleston enterprise was revived during the decade of the fifties; and although the Civil War intervened, it was eventually to achieve success in a modified form during the post war period. Thus the abortive efforts of the railroad enthusiasts of the 'thirties, although barren of immediate accomplishment, served to lay down in outline form the railroad connections which eventually were to fulfill the prophecy of the *Rail-Road Advocate* and achieve the commercial salvation of East Tennessee.

⁷¹ The joint answer of the Secretary and Treasurer to this bill is in the Tenn. Archives. The suit was eventually decided partly in favor of the company by the Supreme Court in 1846, *Nashville Union*, Oct. 15, 1846.

⁷² J. W. Holland, "The East Tennessee and Georgia Railroad, 1836-1860", and "The Building of the East Tennessee and Virginia Railroad", in *East Tenn. Hist. Soc. Publications*, III (1931), 89-107; IV (1932), 83-101.

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