

Origins of Jacksonian Political Economy in Tennessee, 1768-1830

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Abstract

This dissertation examines the nature of Jacksonian class politics through a study of Tennessee from 1768 to 1830. White Tennesseans, including Andrew Jackson himself, embraced commercial development, material improvement, and market transactions, despite political rhetoric that praised agricultural independence and denounced monied corruption. Opposition to banks and internal improvements usually emerged from political rivalries, not ideology. Economic downturns, such as the Panic of 1819, produced temporary reactions against the market economy. When Andrew Jackson was elected President of the United States in 1828, no popular discontent existed against money and commerce generally, or against the Bank of the United States in particular. Jackson himself initiated the Bank War for political and personal, not economic, reasons.

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Introduction

The Jacksonian Ethos

On July 10, 1832, the Senate of the United States received from President Andrew Jackson a veto of the bill rechartering the Bank of the United States. Jackson's message accompanying the veto attacked the Bank on several grounds—it maintained a monopoly, enjoyed exclusive privileges, received investments from foreign stockholders, and created a monied interest dangerous to liberty. Most importantly the Bank was unconstitutional, exercising no necessary or proper function for the federal government. The Bank, Jackson believed, had allowed the rich and powerful to influence governmental policy for private gain. All societies had distinctions in wealth and talent, “but,” said Jackson, “when the laws undertake ... to make the rich richer and the potent more powerful, the humble members of society—the farmers, mechanics, and laborers—who have neither the time nor the means of securing like favors to themselves, have a right to complain of the injustice of their Government.” Although the Bank had until 1836 before its present charter expired, any hope that the veto could be overcome was quashed when Jackson was reelected in November of 1832. The United States would not have another central bank until Congress created the Federal Reserve system in 1913.¹

Historians ever since have used Jackson's “Bank War” as the central event in interpretations of Jacksonian class politics. The motivations and intentions of Jackson himself,

¹ Andrew Jackson, “Veto Message,” July 10, 1832, in James D. Richardson, comp. and ed., *A Compilation of the Messages and Papers of the Presidents* (1897; reprint, New York: Bureau of National Literature, 1911), 2: 1153.

of his advisers and associates, and of his supporters throughout the country speak to the essence of Jacksonian Democracy. In destroying the Bank of the United States, did Jackson and Jacksonians demonstrate an antipathy toward all banks? Did they oppose the increasingly commercialized economy of market exchange and credit relations? Did their debates among themselves and with their political opponents reflect class divisions or personal and political animosities? To answer these questions is to understand whether the inheritors of the American Revolution welcomed enterprise, seeking to participate in a competitive economic order that promised gain, or resisted it, seeking to rectify capital's exploitation in order to preserve the independence of farmers, craftsmen, and laborers.²

Arthur Schlesinger Jr.'s *The Age of Jackson* provides the foundation for all modern historiography of Jacksonian America. Schlesinger argues that American history cycles between capitalist dominance and democratic dominance. Capitalists expand the economy but initiate crises by gathering excessive power and wealth. Democracy responds, challenging the established order and instituting reforms that more equitably distribute the benefits of growth. Schlesinger argues that the Jacksonian Era, and the Bank War in particular, was such a time of reform. Jackson's political support in this effort came from eastern workers, southern planters, and intellectuals. By destroying the Bank, the business community was checked, and Jackson saved capitalism from itself. Schlesinger's Jackson as liberal reformer and Democratic man of the people has held up well. John Ashworth's *'Agrarians' and 'Aristocrats': Party Political Ideology in the United States, 1837-1846* argues that "more obviously anti-entrepreneurial than entrepreneurial, more nearly anti-capitalist than pro-capitalist, and more overtly radical than

² Although dated, James Parton's three-volume biography of Jackson is an excellent primer on his life and the Jacksonian era. See James Parton, *Life of Andrew Jackson*, vols. 1-3 (New York: Mason Brothers, 1860-1861).

conservative, Jacksonian Democracy was an avowedly egalitarian movement which sought to utilise the power that democracy gave to the individual in order to resist those social and political forces which took it away.” Robert V. Remini’s three-volume biography of Jackson, as well as his *Andrew Jackson and the Bank War*, avows Old Hickory’s affinity for common people and his commitment to reforms in government. Sean Wilentz’s *The Rise of American Democracy: Jefferson to Lincoln* is, in general, the latest synthesis of the liberal interpretation of Jackson as Democratic defender of the laboring classes.³

Charles Sellers’s *The Market Revolution: Jacksonian America, 1815-1846* interpreted Jacksonian Democracy as a radical rejection of capitalism. Rather than capitalism and democracy existing in tension, the two were antithetical. Rural farmers and urban workers, argues Sellers, “rallied around enduring human values of family, trust, cooperation, love, and equality,” in self-defense against a capitalist hegemony that forced all Americans into competitive effort, burying human freedom under a relentless commodification of labor. Capitalism’s ascendancy was perfected during the Panic of 1819, as capitalists conquered the economy, politics, and culture. Jackson’s election was a violent yet ineffectual reaction against the new order.⁴

³ Arthur M. Schlesinger, Jr., *The Age of Jackson* (New York: Little, Brown and Company, 1945), 521-522; John Ashworth, *‘Agrarians’ and ‘Aristocrats’: Party Political Ideology in the United States, 1837-1846* (London: Royal Historical Society, 1983), 51; Robert V. Remini, *Andrew Jackson and the Course of American Empire, 1767-1821*, vol. 1 (New York: Harper and Row, 1977); Robert V. Remini, *Andrew Jackson and the Course of American Freedom, 1822-1832*, vol. 2 (New York: Harper and Row, 1981); Robert V. Remini, *Andrew Jackson and the Course of American Democracy, 1833-1845*, vol. 3 (New York: Harper and Row, 1984); Robert V. Remini, *Andrew Jackson and the Bank War* (New York: W. W. Norton and Company, 1967); Sean Wilentz, *The Rise of American Democracy: Jefferson to Lincoln* (New York: W. W. Norton and Company, 2005), 359-374.

⁴ Charles Sellers, *The Market Revolution: Jacksonian America, 1815-1846* (Oxford: Oxford University Press, 1991), 6-7

By contrast, some historians have interpreted Jackson as leader of a “market revolution.” Thomas Perkins Abernethy’s *From Frontier to Plantation in Tennessee: A Study in Frontier Democracy* explores Jackson’s early years as land speculator and businessman in Tennessee. The rise of democracy had nothing to do with Jackson, Abernethy argues. Instead democracy in Tennessee emerged in reaction to a social and economic system that enriched speculators, including Jackson, but did little for the public good. Jackson became president because he used the democratic impulse for his own ends. Paul Michael Rogin’s *Fathers and Children: Andrew Jackson and the Subjugation of the American Indian* argues that Jackson’s most substantive influence on American development was his warring against the Native Americans. His victories in these campaigns secured land for white settlement, development, and enrichment. Cotton in particular became the commodity by which the land that once supported game for hunters instead became the land that spurred economic growth in both South and North. What Jackson did as president mattered little, for the real change had already taken place.⁵

Other historians reject that Jacksonian Democracy was a manifestation of class conflict. Bray Hammond’s *Banks and Politics in America from the Revolution to the Civil War* argues that the impetus behind Jackson’s economic policies, especially his destruction of the Bank of the United States, originated among businessmen eager to cast off the Bank’s restraint on credit expansion. In this interpretation the Bank was not a victim of Jackson and his followers; it was a victim of the money power on Wall Street, who used Jackson and democratic sentiment for their own ends. Thomas Payne Govan’s *Nicholas Biddle: Nationalist and Public Banker, 1786-1844*,

⁵ Thomas Perkins Abernethy, *From Frontier to Plantation in Tennessee: A Study in Frontier Democracy* (Chapel Hill: The University of North Carolina Press, 1932; reprint, Tuscaloosa: University of Alabama Press, 1967); Michael Paul Rogin, *Fathers and Children: Andrew Jackson and the Subjugation of the American Indian* (New York: Alfred A. Knopf, 1975).

by contrast, argues that the Jacksonians were not knaves, but fools. Jackson and his advisers were uncritical anti-bank ideologues, and Jackson himself stirred public sentiment against the Bank where little had existed before.⁶

Daniel Walker Howe's *What Hath God Wrought: The Transformation of America, 1815-1848* is a more recent critique of Jacksonian Democracy. Indeed, Howe laments that the moniker "Jacksonian" has been applied to the era. He argues that the National Republicans, later the Whigs, upheld a progressive vision for the nation. Most Americans appreciated the benefits of a market economy and believed in improvement. Jackson's rhetoric of corruption in government often served as an excuse to appoint political cronies. His Bank War proved counterproductive, as state banks, paper money, and speculation proliferated because of the lack of a moderating central institution.⁷

Few studies, with Abernethy's being one exception, have explored the origins of the Jacksonian era in Tennessee during the late eighteenth and early nineteenth centuries. Out of this state's political milieu did Jackson emerge, and the history of its economic development can illuminate Jacksonian political economy. From the start white explorers and settlers of the Tennessee Country, eventually including Jackson himself, possessed a fundamental outlook of improvement with respect to the land inhabited by the various Indian nations. These explorers were motivated by the pursuit of gain, being land speculators themselves or being employed by such investors. They hoped to make the land productive and profitable, and their goals

⁶ Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (1957; reprint, Princeton: Princeton University Press, 1991), 287; Thomas Payne Govan, *Nicholas Biddle: Nationalist and Public Banker, 1786-1844* (Chicago: The University of Chicago Press, 1959), 115, 125.

⁷ Daniel Walker Howe, *What Hath God Wrought: The Transformation of America, 1815-1848* (Oxford: Oxford University Press, 2009), 330-333, 373-395.

inevitably created conflict with the first inhabitants. However difficult and tragic this history is, the fact remains that white settlers hoped to repurpose the land for both agricultural subsistence and surplus trade. John Henry Eaton wrote of Jackson's Indian campaigns that "were [the Indians'] extensive wilds gradually reduced, so, in proportion, would the benefits resulting from hunting, and wandering through the forest, subside, until prompted at last by necessity, they would resort to industry and agriculture, as the only certain and lasting means of support, and thus imperceptibly be forced into a different and more advantageous course of life." This was enlightened opinion for the time, but not all whites brought with them the message of uplift. In Tennessee began events that begot the Trail of Tears.⁸

White Tennesseans believed agriculture the best way to pursue economic betterment. Early nineteenth century Tennessee newspapers carried editorials that waxed lyrical on the blessings of agriculture. Typical is a writer in *The Review* (Nashville) who argued that "all wealth is derived from the produce of the earth and labor," and that "a wise government will endeavor to attach as much riches to the soil as possible." Jackson believed that the agricultural interest of the country "is so essentially connected with every other and so superior in importance to them all." Commerce and manufacturing could, however, be a part of a healthy political economy. John Sevier, Tennessee's first governor, believed that "western commerce ... must ere long be equal if not greatly superior to any in all America, may I not say in the whole world!" Jackson spoke of commerce and manufacturing as beneficial insofar as they augmented agricultural value. Tennessee's politicians and editorials echoed the same sentiments.⁹

⁸ John Henry Eaton, *The Life of Andrew Jackson* [...], (Philadelphia: Samuel F. Bradford, 1824), 201.

⁹ *The Review* (Nashville), November 24, 1809, Microfilm, Calvin M. McClung Historical Collection, The East Tennessee History Center, Knoxville (hereinafter cited as "McClung Collection"); John Sevier to Andrew Jackson, Joseph Anderson, and William C. C. Claiborne, November 26, 1797, in "The Executive Journal of Governor John

Belief in agriculture's supremacy was rooted in a republican ideology shared by virtually all white Tennesseans. Republican thought emerged from political conflicts during the seventeenth and eighteenth centuries in Great Britain. During the seventeenth century Parliament consistently appealed to limitations on the prerogative power of the monarchs James I, Charles I, Charles II, and James II. The culmination of these conflicts was the Glorious Revolution of 1688, which established definite limits on royal power. But the monarchy's attempts to gain influence in Parliament continued during the eighteenth century, primarily through bribery from the treasury. A "country party" opposition emerged against royal influence, the monetization of the public debt, and the Bank of England. The oppositionists believed that power constantly sought expansion. Vigilance and virtue among the people were required to check corruption. Oppositionist thought became the framework through which Americans interpreted British designs during the Revolutionary Era, and it became the foundational political ideology for Jeffersonian Republicans and Jacksonian Democrats. Jacksonian demands to extinguish the national debt, end the Bank of the United States, strip the monied aristocracy of special privileges, and maintain states' rights originated from similar oppositionist demands in Great Britain.¹⁰

Sevier," ed. Samuel C. Williams, *The East Tennessee Historical Society's Publications*, no. 3 (1931): 161 (hereinafter cited as "ETHS Publications"); Andrew Jackson, "First Annual Message," December 8, 1829, in Richardson, *Compilation of the Messages and Papers of the Presidents*, 2: 1013; *Knoxville Register*, November 23, 1816, Microfilm, McClung Collection; John Rhea to His Constituents, April 8, 1806, in "Correspondence of General James Robertson," *The American Historical Magazine* 5, no. 2 (1900): 177.

¹⁰ Bernard Bailyn, *The Ideological Origins of the American Revolution*, (Cambridge: Harvard University Press, 1967); Jack P. Greene, *The Constitutional Origins of the American Revolution* (Cambridge: Cambridge University Press, 2011); Jack P. Greene, "Political Mimesis: A Consideration of the Historical and Cultural Roots of Legislative Behavior in the British Colonies in the Eighteenth Century," *American Historical Review* 75, no. 2 (1969): 337-367.

Oppositionist thought influenced republican ideology's emphasis on the preeminence of agriculture in political economy. Jacksonians believed that agriculture best supported a virtuous citizenry, in that agriculture involved the true independence found in land ownership. The danger in commerce and manufacturing was their tendency to receive special privileges from government, enlarging the national debt and artificially enriching a few monied capitalists with the public revenue. Banks chartered by government, or manufacturing establishments protected by government, allowed capitalists to make inordinate profits while exploiting debtors or laborers. If economic activity was left alone, Jacksonians believed, then the agricultural interest would naturally emerge superior, with commerce and manufacturing receding to their proper stations in support of agriculture. For this reason I have avoided the term "capitalism," as the word did not yet exist during this time, and Jacksonians would not have understood themselves to be creating such a system. I have used the word "capitalist," a Jacksonian pejorative that described bankers, brokers, and other "non-producers"; Jackson would be horrified to know that some modern historians credit his efforts with contributing to a capitalist order. I have also avoided the term "market revolution," as it carries interpretive baggage that I do not wish to carry. The Jacksonians, and Jackson, were improvers, seeking to develop lands, establish commerce, and secure markets on proper principles.¹¹

Republican ideology could also become political propaganda. Indeed, where ideology ended and interest began is difficult to parse. Use of republican language became blatant during Tennessee's first experience with state banking from 1807-1819. During this time hardly any ideological opposition to banking appeared, even from Andrew Jackson, but that is not evident

¹¹ Ashworth, *'Agrarians' and Aristocrats'*, 20-34.

from the political rhetoric surrounding the banking debates. Tennessee's political factions over the banking issue—which I have identified as “state concentrators,” “state unifiers,” and “national unifiers,”—used terms like “corruption” or “monied aristocracy” to describe each other's banks, while portraying themselves as defenders of the common people. Republican rhetoric was especially popular in attacking the Bank of the United States, but some of the loudest republican ideologues were also some of Tennessee's most prominent state bankers. Perhaps all Tennessee politicians who opposed the Bank engaged in cynical propaganda, but it is more likely that there existed a range of motivations among them—Pleasant M. Miller, for example, appears as an opportunist, while Hugh Lawson White appears as a principled actor, although both men served as officers in Tennessee's second state bank, the Bank of the State of Tennessee, chartered in 1811. Whatever their motivations, their debates over politics and banking laid the foundation for Jackson's Bank War in Tennessee.

The Panic of 1819 caused reconsideration and retrenchment. Support for banks declined in Tennessee as they proved unable to alleviate the crisis and, indeed, did much to create and prolong it. Even so, the state legislature created a publicly owned bank in response to the crisis. Support for this new bank came from debtors seeking relief and from potential borrowers seeking long-term credit for their ventures which they had been unable to obtain from the previously chartered state banks. Ideological opposition to banking became more prominent during the 1820s as the new bank failed to meet expectations. But white Tennesseans never rejected the improvement ethos. Internal improvements especially became popular substitutes in place of banks.

When Jackson became president, his republican viewpoint compelled him to undertake the Bank War. He did not seek to overturn the credit system or reverse the market developments that his own efforts as an Indian fighter had helped create. He had come to appreciate some of the benefits that a national bank could provide, including a national currency and emergency funds during wartime. During the first two years of his administration he considered alternatives to the Bank of the United States in order to produce as little disturbance to the nation's commerce as possible. Tempering his initiation of the Bank War was also the lack of overt political hostility to the Bank of the United States among the general populace and among Tennesseans. The Bank by this time had established a branch in Nashville and, by its beneficial operations, had quelled the discontent in the state that had been so prominent a decade earlier. It was Jackson, not popular discontent, that began the Bank War. Latent hostility against the Bank existed, but it took Jackson's popularity and prodding to make that hostility politically viable. But the commercialized economy was already as much Jackson's doing as it was the doing of any bank, capitalist, or National Republican.

A final historiographical note is in order. In recent years some historians, the most prominent being Edward E. Baptist, Sven Beckert, Walter Johnson, and Seth Rockman, have begun to interpret the economic development of the early Republic as based in unfree labor. Economic historians, according to this view, have incorrectly melded capitalism, democracy, and freedom into a story of progress in which Americans maximized human liberty, and they have unjustly downplayed slavery and other forms of unfree labor as contradictions or ambiguities within capitalism which would eventually disappear as economic development progressed. The new historians of unfree labor, by contrast, argue that slavery should be understood as a

constitutive element of American economic development. Some Americans enjoyed the benefits of self-making, consumerism, and enterprise precisely because other Americans did not. As Rockman writes, “economic freedom for some and economic unfreedom for others were not coincidences but were inextricably linked.”¹²

The history presented here lacks the new perspectives provided by the histories of unfree labor, race, and gender. I have written primarily from the perspective of political actors—both politicians themselves and their constituents—and virtually all such actors were white men during this period of American history. Even my examination of relations between Native Americans and white settlers in Chapter 1 bears this perspective and, although it is not a romantic portrayal of conquest, it is not meant as a history that encompasses a full portrayal of what happened. My sanguinity with respect to market development reflects, I believe, the sanguinity of white Tennesseans, namely, the people who would almost all identify themselves as Jacksonian by 1824. I am responding to the traditional historical questions posed by Jacksonian Democracy, but I do not mean to hide the fact that market development inevitably carried with it conflict, enslavement, and general misery for many.

¹² Seth Rockman, “The Unfree Origins of American Capitalism,” in *The Economy of Early America: Historical Perspectives and New Directions*, ed. Cathy Matson (University Park: The Pennsylvania State University Press, 2006), 338-339. See also Edward E. Baptist, *The Half Has Never Been Told: Slavery and the Making of American Capitalism* (New York: Basic Books, 2014), Sven Beckert, *Empire of Cotton: A Global History* (New York: Alfred A. Knopf, 2014), and Walter Johnson, *River of Dark Dreams: Slavery and Empire in the Cotton Kingdom* (Cambridge: The Belknap Press of Harvard University Press, 2013).

Chapter 1

Speculative Beginnings

Writing an official report of the war given his namesake, the colonial governor of Virginia, Lord Dunmore, attempted to justify his actions to the Earl of Dartmouth, the secretary of state for the colonies in London. Dunmore placed the origins of the war on the peculiar character of the Americans. “They acquire no attachment to Place,” he wrote, “But wandering about Seems engrafted in their Nature ... they Should for ever imagine [sic] the Lands further off, are Still better than those upon which they are already Settled.” Revulsion against governmental authority, so much stronger than in England, was a natural consequence. Native Americans bore the brunt of their avidity. Dunmore noted that American frontiersmen considered the aborigines “as but little removed from the brute Creation.”¹

American restlessness, as described by Dunmore, was rooted in the pursuit of gain and material improvement. One of the first areas affected by western expansion was the transmontane region of North Carolina. The state’s land claims across the Appalachian Mountains gradually acquired the name “Tennessee,” after one of the leading Cherokee towns. This region became the central focus of Virginia and North Carolina land speculators looking to profit from settlement. Three areas piqued their attention. In the eastern part of Tennessee lands, the Tennessee River flowed south and curved in a great “Bend” that afforded fertile lands

¹ Lord Dunmore to the Earl of Dartmouth, December 24, 1774, in Reuben Gold Thwaites and Louise Phelps Kellogg, eds., *Documentary History of Dunmore’s War 1774* (Madison: Wisconsin Historical Society, 1905), 371.

for agriculture and possible locations for commercial centers. In the middle part of Tennessee lands, the Cumberland region boasted rich soil and several rivers. Finally, the western part of Tennessee lands adjoined the Mississippi River, a transportation route that would come to be coveted by all expansionists. Land speculators and their agents would be the primary actors in shaping Tennessee's development. Their aim was private aggrandizement, and their ambition and greed would produce political conflict, Indian warfare, and fraudulent speculations. Yet their ambition also worked as a benefit to those who chose to uproot themselves and stake their chances in the West. Those individuals who had the greatest stake in western lands also undertook the most difficult endeavors. They organized settlement defenses, led military campaigns, and advanced material life on the frontier. It was in this milieu that Andrew Jackson and his inner circle rose to prominence. The origins of Jackson's presidency lay in land speculation.

The settlement of Tennessee lands began in Virginia. Since the 1740s, hunters had wandered west, lured by the abundance of game and the potential for trade. Some of these hunters, in turn, also acted as explorers and surveyors for land speculators. One of the most prominent investors in exploration was a Virginian named Dr. Thomas Walker. Walker himself had explored western lands in the 1750s as a member of the Loyal Land Company, whose partners included the father of Thomas Jefferson. Under the company's direction, Walker named Cumberland Gap, in addition to many creeks and rivers. His efforts were disrupted by the French and Indian War, but the return of peace renewed the potential for profit. Walker gained title to Powell's Valley in southwestern Virginia and sent Joseph Martin in the spring of 1769 to settle it. Martin reported that the land had "very good springs—Bold creeks, big enough for

mills—great quantities of cane sufficient to support great stocks for many years.” He was eventually driven off the land by Cherokee Indians, but he would figure prominently in Tennessee’s development in the coming years.²

Colonial governments supported private ventures. Unable to enforce the Proclamation Line of 1763 and fearing war between white settlers and Indians in the Ohio Country, the British met with the Iroquois Confederacy at Fort Stanwix in New York in October 1768. William Johnson, superintendent of Indian affairs for the Northern District, negotiated with the Iroquois to acquire all lands south of the Ohio River down to the Tennessee River. John Stuart, the superintendent of Indian affairs for the Southern District, made a similar deal with the Cherokees, who ceded their rights to Kentucky down to the mouth of the Kanawha River. Finally, in the 1770 Treaty of Lochaber, Stuart confirmed the Cherokee title to much of the country ceded by the Iroquois at the Treaty of Fort Stanwix. John Donelson, whose daughter would later marry Andrew Jackson, surveyed this treaty line the following year, but he negotiated with the Cherokee chief Little Carpenter to extend the southern boundary to the south fork of the Holston River. None of the parties involved consulted the Shawnee, Mingo, or Delaware tribes who hunted in Kentucky. It is probable that the Cherokee and Iroquois tribes

² “Deposition of David Hall,” 1810, in Lyman Copeland Draper, comp., *Draper Manuscript Collection* (Madison: State Historical Society of Wisconsin, 1944-1949), 4C126, Microfilm, Hoskins Library Storage and Reading Room, The University of Tennessee, Knoxville (hereinafter cited as “Hoskins Library”); Harry W. Wellford, “Dr. Thomas Walker, His Uncelebrated Impact on Early Tennessee,” *Tennessee Historical Quarterly* 34, no. 2 (1975): 130-135, 138; Archibald Henderson, *The Conquest of the Old Southwest: The Romantic Story of the Early Pioneers into Virginia, the Carolinas, Tennessee, and Kentucky, 1740-1790* (1920; reprint, Spartanburg: The Reprint Company, 1974), 113-114; Joseph Martin to a Friend, May 9, 1769, in Draper, *Draper Manuscript Collection*, 3XX4-7, Microfilm, Hoskins Library.

sold the land, which they did not use for hunting, to channel settlement away from their main hunting and living grounds.³

These treaties heightened interest in the settlement of the West. Numerous petitions were received by the Virginia House of Burgesses asking for land in this newly acquired territory. Most petitioners were part of syndicates seeking to claim tens of thousands of acres. Prominent Virginians such as Thomas Jefferson and Patrick Henry eagerly anticipated the growing strength and prosperity of western Virginia and the Ohio country. John Donelson and William Cocke, who were to be influential in settling Tennessee lands, requested 50,000 acres from the mouth of the Louisa River to the Ohio River. Dunmore himself held Ohio lands. In 1772, he convinced the House of Burgesses to create Fincastle County, which encompassed Virginia's western claims from the Appalachian Mountains to the Mississippi River. For the next two years, he sent surveyors into Kentucky. These large purchases of land encouraged many families to move west between 1769 and 1773.⁴

Watauga became the first settlement in what was to become Tennessee in the fall of 1768. The land lies between the Holston River to the north and the Watauga River to the south. The center of the settlement became known as Sycamore Shoals, near present-day Elizabethton,

³ William R. Nester, *George Rogers Clark* (Norman: University of Oklahoma Press, 2012), 13-14; Stanley J. Folmsbee, Robert E. Corlew, and Enoch L. Mitchell, *Tennessee: A Short History* (Knoxville: The University of Tennessee Press, 1976), 49-50; R. Douglas Hurt, *The Indian Frontier, 1763-1846* (Albuquerque: University of New Mexico Press, 2002), 12-13, 17; Thomas D. Curtis, *Riches, Real Estate, and Resistance: How Land Speculation, Debt, and Trade Monopolies Led to the American Revolution* (Chichester, United Kingdom: John Wiley and Sons, 2014), 99-104; "Treaty of Lochaber," October 18, 1770, in Draper, *Draper Manuscript Collection*, 1CC147-153, Microfilm, Hoskins Library.

⁴ "Petition to Take Up Land West of the Allegany Mountains, January 1769," in William P. Palmer, ed., *Calendar of Virginia State Papers and Other Manuscripts*, vol. 1, 1652-1781 (Richmond: R. F. Walker, Superintendent of Public Printing, 1875), 260; "Petitions for Land in the Newly Acquired Indian Territory, December 1769," in Palmer, *Calendar of Virginia State Papers*, 1: 262-263; "Petition of Richard Corbin, April 25, 1772," in Palmer, *Calendar of Virginia State Papers*, 1: 265; Nester, *George Rogers Clark*, 14-16; David Campbell to Lyman C. Draper, July 20, 1846, in Draper, *Draper Manuscript Collection*, 10DD62, Microfilm, Hoskins Library.

Tennessee. Watauga began as a speculative venture by a wealthy North Carolina attorney named Richard Henderson. Educated at home in Granville County during the 1740s, Henderson assisted his father Samuel, the sheriff of the county, and he went on to obtain a law license and acquire an extensive practice. His practice earned enough income to employ several agents, including the famed backwoodsman Daniel Boone, to conduct explorations of Kentucky and Tennessee lands. In the late 1760s, Henderson employed another resolute backwoodsman named James Robertson to actually establish a settlement. Robertson, having visited the area in the spring, returned with his cousin Charles and ten families in the fall of 1768. They planted corn and surveyed suitable lands for cultivation. Other prominent settlers included Evan Shelby and his sons Isaac and John from Maryland, Valentine Sevier and his son John from Virginia, John Carter and his son Landon from Virginia, and John Tipton, also from Virginia. These families were crucial in shaping western development in Tennessee.⁵

Although most of these land managers possessed similar economic standing, they did not necessarily form cohesive interests. Evan Shelby, for example, purchased his land along the Holston from Virginia speculators. After he arrived at the Watauga settlements near the end of 1770, he wrote to his sons, who were still in Maryland, and instructed them “to Purchis all officers and Soldeirs Rights you Can Possible Git So that Git them to go with you to the Collonels of the Redgments and to git a proper Sartifycatt that the warrents may be obtained.” Shelby was also surveying land for a colonel back home, and the colonel had promised to pay

⁵ John Haywood Papers, 1768-1796, Folder 4, Document 5, Microfilm, Tennessee Historical Society Collection, Tennessee State Library and Archives, Nashville (hereinafter cited as “TSLA”); Moses Fisk, “Moses Fisk’s Historical Sketch of Tennessee,” ed. A. V. Goodpasture, *The American Historical Magazine* 2, no. 1 (1897): 17-18; J. G. M. Ramsey, *The Annals of Tennessee* [...] (1853; reprint, Knoxville: East Tennessee Historical Society, 1967), 68-69, 103; Henderson, *Conquest of the Old Southwest*, 104-105; Abernethy, *Frontier to Plantation in Tennessee*, 3.

Shelby with one-third of the lands granted from his surveys. Shelby would later become one of the leaders of a prominent political faction in opposition to John Sevier. From its inception, frontier development portended conflict among speculators.⁶

Donelson's extension of the boundary line during the Treaty of Lochaber was done to give sanction to Watauga. By 1771, the first settlement at Watauga had enabled the establishment of three other settlements. One lay south of Sycamore Shoals along the Nolachucky River. Its proprietor was a man named Jacob Brown, who had come with the original settlers. He negotiated a purchase with the Cherokees for land along the river to establish a store. Brown in turn sold small parcels of land to settlers to finance his purchase from the Indians. Another settlement lay at the Long Island of the river. The Shelby family, Anthony and Isaac Bledsoe, John Anderson, and William Cocke were the most prominent residents. The last settlement lay west of the North Holston settlement in Carter's Valley, so named for John Carter. All of these settlements were believed to be within Virginia's land claims, although neither Virginia nor North Carolina moved to exercise any authority over them.⁷

The Wataugans adopted a simple form of government. The settlers met in a convention and signed a written constitution that created a semblance of a county court. Five commissioners would adjudicate all disputes, and a clerk and a sheriff were appointed. James Robertson was one of the commissioners. Virginia's legal system was adopted. It is unclear if this association

⁶ Evan Shelby to John and Isaac Shelby, January 3, 1771, in Draper, *Draper Manuscript Collection*, 16DD4, Microfilm, Hoskins Library.

⁷ George Christian to Lyman C. Draper, June 24, 1842, quoted in Katherine Keogh White, *The King's Mountain Men: The Story of the Battle, with Sketches of the American Soldiers who Took Part* (1924; reprint, Baltimore: Genealogical Publishing Company, 1966): 79-80, Hodges Library Special Collections, The University of Tennessee, Knoxville (hereinafter cited as "Hodges Library"); A. V. Goodpasture, "The Watauga Association," *The American Historical Magazine* 3, no. 2 (1898): 103-107.

exercised authority over all the settlements, or if it merely governed the settlers south of the Holston River.⁸

Britain's restrictive Indian policy placed the burden of preserving the settlements almost entirely on the land speculators. In 1772, Virginia made a new treaty with the Cherokees that excluded the new settlement from the colony's boundaries. Alexander Cameron, a deputy agent for the British crown, ordered the settlers to vacate the land. Instead, the Wataugans selected James Robertson and John Bean to negotiate a lease with the Cherokees. The two emissaries gave the Cherokees £5,000-£6,000 of muskets and other goods for an eight-year lease. It is not known who loaned the money to acquire the goods, but Robertson was involved; he and other renters funded their lease by selling the land in small parcels for improvement.⁹

The Cherokee account of this transaction differed greatly. When Cameron ordered the settlers to move off the land, the settlers begged the Cherokees to remain on the land until the spring so that they could harvest their crops. Later they brought goods to the Indians and convinced some of them to give leases in exchange. Many others, however, were opposed to the transaction, but the Wataugans said that they would stay on the land whether the Cherokees took the goods or not. Tension with the Native Americans existed from the very beginning, and violence would, in time, determine the outcome.¹⁰

White settlement began to reshape trade and land use. Market activity introduced a simple, yet growing, economy on the frontier that brought necessities and luxuries. Evan Shelby

⁸ John Haywood, *The Civil and Political History of the State of Tennessee from Its Earliest Settlement Up to the Year 1796: Including the Boundaries of the State* (1823; reprint, Knoxville: Tennesse Company, 1969), 54; Goodpasture, "The Watauga Association," 112-120.

⁹ Haywood, *Civil and Political History of the State of Tennessee*, 54-55; Folmsbee, et al., *Tennessee: A Short History*, 56.

¹⁰ Philip M. Hamer, *Tennessee: A History, 1673-1932*, vol. 1 (New York: The American Historical Society, 1933), 68.

in 1772 made a journey to Maryland and returned via Fort Pitt. He returned to Watauga having purchased blankets, linen, colored cloth, oznaburgs, tea, sugar, saddles, buckles, and cotton. For Valentine Sevier he brought back “1 woman’s hat black silk.” Shelby purchased land from Charles and James Robertson on January 24, 1773. He paid John Cox for improvements made to his lands. He also hired James and William Elliott to “grub,” or clear, twenty acres of his land at nine shillings per acre, but he docked their pay because they only managed to grub nine acres and fifty-seven rods. Trade was the activity by which the settlers elevated their material condition.¹¹

John Carter introduced market activity in his valley through a store and land dealing. Carter operated the store as a partnership with Robert Lucas. They probably sold the kinds of frontier necessities, and perhaps luxuries, that Shelby brought with him. Carter also facilitated land cultivation. Individuals emigrating to Natchez or other lands along the Mississippi River would stop for a year or two along the Holston River to clear land, grow crops, and then sell their produce and improved land to Carter or other speculators. The speculators would then flip the land to other immigrants looking for a permanent settlement, demanding a price for the improved land and the right of preemption.¹²

In December 1773, perhaps the most important figure in early Tennessee history emigrated from Shenandoah County, Virginia. John Sevier had lived as a middling planter before coming west. Only glimpses are available of his early life, but the evidence that does exist points to involvement in market activity. His father, Valentine Sevier, traded with London

¹¹ “Accounts of Evan Shelby” in Draper, *Draper Manuscript Collection*, 11DD8-11, Microfilm, Hoskins Library.

¹² Haywood, *Civil and Political History of the State of Tennessee*, 55-56; Ramsay, *Annals of Tennessee*, 110-111. For the popularity of western lands along the Mississippi, see “Extract of a Letter from a Gentleman of Credit at Point Coupee,” June 23, 1773, in Draper, *Draper Manuscript Collection*, 2JJ234, Microfilm, Hoskins Library.

firms for luxury items such as pewter, silk, and other “assorted goods.” John himself wrote several promissory notes to various individuals, probably for tools, implements, and other goods necessary for farming. The exchange of paper augmented a specie-poor Virginia economy. Sevier recorded several business transactions around the time that he emigrated. He etched into the debt column of his account books such necessities as sugar, salt, West Indian rum, and buckskins. He also paid workers to carry tobacco and deerskins to Alexandria, Virginia, and Baltimore, Maryland. On the credit side, he recorded cash received for tobacco, skins, butter, and from “Andrew Stager, butcher in Baltimore.” He was assiduous in his bookkeeping; his debits and credits balanced.¹³

These settlers viewed slavery as integral to development. It is difficult to ascertain how many slaves came with these first settlers. Joseph Martin and his party brought slaves to Powell’s Valley in 1769. Sevier’s activities in Virginia included boarding slaves for a fellow planter. Later, many of these settlers described themselves as laboring to establish their “plantations.” The commercial activity emerging on the western frontier would be based on slave-produced agricultural staples.¹⁴

¹³ Evidence of John Sevier’s early life can be found in the John Sevier Papers, 1752-1947, Folder 7, Microfilm, TSLA; see also “Account. [Debtor] Andrew Greer and John Sevier in Account Current with Joseph Holmes, [Creditor],” in Cora Bales Sevier and Nancy S. Madden, eds., *Sevier Family History: With the Collected Letters of General John Sevier, First Governor of Tennessee* (1961; reprint, Beltsville, Maryland: Columbia Planograph Company, 1982), 28-29, Hodges Library; Carl S. Driver, *John Sevier: Pioneer of the Old Southwest* (Chapel Hill: The University of North Carolina Press, 1932), 1-15.

¹⁴ Joseph Martin to a Friend, May 9, 1769, in Draper, *Draper Manuscript Collection*, 3XX7, Microfilm, Hoskins Library; Lieutenant Colonel Luttrell to Governor Richard Caswell, September 2, 1777, in Walter Clark, ed., *The State Records of North Carolina*, vols. 11-26 (1895-1906; reprint, Wilmington: Broadfoot Publishing Company, 1993), 11: 606, McClung Collection; “Business Transactions of John Sevier in Virginia,” in Sevier and Madden, *Sevier Family History*, 27, Hodges Library; “Petition of the Inhabitants of Washington District to the Provincial Council of North Carolina,” August 22, 1776, in Clark, *State Records of North Carolina*, 10: 708-709, McClung Collection.

New settlements on western Virginia and North Carolina lands were only a small part of a larger movement of white settlement along the Appalachian Mountains. The various treaties at Fort Stanwix, at Hard Labour, and at Lochaber had been British attempts to maintain an orderly empire and stabilize Indian relationships. Instead, the treaties opened more territory for settlement. Borderland clashes between the Ohio Indian tribes and white settlers in Virginia and Pennsylvania began during 1774. Prominent Virginians such as George Washington, Patrick Henry, William Preston, William Byrd, Arthur Campbell, and Andrew Lewis had large landholdings in the Ohio Country and, in general, sought to do what the Watuagan settlers were doing—bringing agriculture, commerce, and “improvement” to the land. Approximately 50,000 whites had moved beyond the mountains at the behest of these speculators or simply as squatters, and the British Empire had lost the ability to control them. The coming of the war also reflected competition among Virginian and Pennsylvanian land speculators for control of Kentucky and Ohio lands. Indeed, some British officials, including Lord Dunmore himself, were complicit in these dealings.¹⁵

Land agents throughout the western backcountry succeeded in keeping frontier outposts stable during Lord Dunmore’s War. They organized defenses against Indian raids during the summer of 1774. Daniel Smith, a militia captain under William Preston and a future settler of Tennessee, traveled up and down the backcountry reporting to Preston about frontier conditions. He wrote that “the constant Rumor of the Indians being just ready to fall on the Inhabitants hath

¹⁵ Daniel Smith to William Preston, January 31, 1774, in Draper, *Draper Manuscript Collection*, 1QQ2, Microfilm, Hoskins Library; “Warrant to Arthur Campbell, March 1, 1774,” in Draper, *Draper Manuscript Collection*, 1QQ10, Microfilm, Hoskins Library; “Warrant to Daniel M. McDonald, March 5, 1774,” in Draper, *Draper Manuscript Collection*, 1QQ11, Microfilm, Hoskins Library; “Warrant to Georges Moffett, March 29, 1774,” in Draper, *Draper Manuscript Collection*, 1QQ16, Microfilm, Hoskins Library; William J. Campbell, *Speculators in Empire: Iroquoia and the 1768 Treaty of Fort Stanwix* (Norman: University of Oklahoma Press, 2012), 198-201; Hurt, *The Indian Frontier*, 16.

feared away almost the whole Settlement at the head of the north fork of Clinch and Bluestone.” He was able to convince some men to stay after they removed their wives and children from the area. The Wataugans also oversaw construction of several stations, the most prominent being Evan Shelby’s Station at Sapling Grove. The inhabitants came to these forts in times of danger to better defend themselves against Indian attacks. At one point, the Wataugans successfully defended against a raid led by a Mingo chief.¹⁶

The precipitating clash for Lord Dunmore’s War occurred on April 30, 1774, when a group of militiamen at Wheeling, West Virginia, killed the relatives of an Ohio Indian chief. The Ohio Indian nations of the Shawnees, the Miamis, Delawares, Wyandots, Mingos, Ottawas, and Illinois confederated to resist further encroachment by whites. Lord Dunmore organized two militia forces—one led by Colonel Andrew Lewis and the other led by Dunmore himself—to march to the forks of the Ohio River and gain control of this crucial access point to the West. Virginia men like Daniel Smith spent the summer recruiting troops and fortifying frontier defenses. Among the men who volunteered were Evan Shelby, James Robertson, and Valentine Sevier; about fifty Wataugans in all joined the Virginians. The decisive confrontation came on October 10, 1774, when a Shawnee force of about 1,000 warriors led by Chief Hokolesskwa (or Cornstalk) attacked Colonel Lewis’s militia of 1,100 men at the confluence of the Kanawha and Ohio Rivers. The Battle of Point Pleasant lasted for a day, but Hokolesskwa was forced to retreat

¹⁶ Daniel Smith to William Preston, March 22, 1774, in Draper, *Draper Manuscript Collection*, 1QQ15, Microfilm, Hoskins Library; Daniel Smith to William Preston, July 8, 1774, in Draper, *Draper Manuscript Collection*, 1QQ57, Microfilm, Hoskins Library; James Robertson to William Preston, July 19, 1774, in Draper, *Draper Manuscript Collection*, 1QQ66, Microfilm, Hoskins Library; James Robertson to William Preston, August 1, 1774, in Draper, *Draper Manuscript Collection*, 1QQ69, Microfilm, Hoskins Library; Daniel Smith to Unknown Recipient, October 4, 1774, in Draper, *Draper Manuscript Collection*, 1QQ114, Microfilm, Hoskins Library; Folmsbee, et al., *Tennessee: A Short History*, 58. The James Robertson in these letters is probably a different person from the one who came to Watauga, but it seems that both were involved in the war. See “Account of Governor Isaac Shelby ‘Early Times in Tennessee,’” in Draper, *Draper Manuscript Collection*, 11DD82, Microfilm, Hoskins Library.

back across the Ohio. At the ensuing Treaty of Camp Charlotte, Lord Dunmore forced the Indians to recognize the land cession of 1768.¹⁷

Speculation began in earnest following Lord Dunmore's War. One of the boldest strokes came from Richard Henderson. In August 1774, Henderson, along with John Williams, Thomas Hart, Nathaniel Hart, James Hogg, John Luttrell, and William Johnston, formed the Louisa Company to purchase a large territory along the western waters from Indians. The partners agreed to share equally the expenses and shares of the property. By the beginning of the next year, Henderson changed the name of the company to the Transylvania Company and added David Hart and Leonard Henly Bullock as partners. The proprietors agreed to purchase Cherokee land bounded by the Ohio River to the north, the Cumberland River to the south, the Louisa River to the east, and the Mississippi River to the west. The proprietors could divide their land as they desired. Thomas Hart, for example, included his cousins John Gray Blount and William Blount in the purchase. The Blounts, however, also had designs on Tennessee lands. They would come to shape events in their own time.¹⁸

Henderson and the other investors wanted a private, proprietary colony devoted to commerce. To encourage settlement, they planned to raise fifty men as soldiers to protect the settlers until November 1, 1776. These soldiers would receive 500 acres of land each as a reward. Each settler who raised corn or employed himself "for the good of the Community" by

¹⁷ Campbell, *Speculators in Empire*, 198-201; Hurt, *The Indian Frontier*, 15; "Account of Governor Isaac Shelby, 'Early Times in Tennessee,'" in Draper, *Draper Manuscript Collection*, 11DD82, Microfilm, Hoskins Library; Haywood, *Civil and Political History of the State of Tennessee*, 57-58.

¹⁸ "Louisa Company Agreement," August 27, 1774, in Draper, *Draper Manuscript Collection*, 1CC2, Microfilm, Hoskins Library; "Transylvania Company Agreement," January 6, 1775, in Draper, *Draper Manuscript Collection*, 1CC3-9, Microfilm, Hoskins Library; William Blount to John Gray Blount, June 4, 1777, in Alice Barnwell Keith, ed., *The John Gray Blount Papers*, vol. 1, 1764-1789 (Raleigh: State Department of Archives and History, 1952), 5; William H. Masterson, *William Blount* (Baton Rouge: Louisiana State University Press, 1954), 32.

September 1, 1775, would receive five hundred acres for himself and two hundred fifty acres for every tithable person he brought with him. Any person who established an iron works would receive five thousand acres of land. The builder of a salt manufactory would receive one thousand acres of land. Anyone who raised a grist mill or saw mill within one year would receive five hundred acres of land. The farmer who could raise the greatest amount of corn would receive five hundred additional acres, and the shepherd who produced the greatest number of sheep would receive five hundred additional acres.¹⁹

Daniel Boone, at the instruction of Henderson, had traveled among the Cherokees during the winter of 1774 and 1775 to encourage them to attend a treaty for the purchase. The meeting place was to be at the Sycamore Shoals among the Wataugans. The Cherokees began gathering there in January, and by March they numbered between 1,000 and 1,200. The leading chiefs were Attakullaculla (Little Carpenter); his son Tsi-yugunsini (Dragging Canoe); Oconostota (Great Warrior), a prominent war chief and precarious ally of Attakullaculla; and Savonooka (the Raven). The Transylvania Company was represented by Henderson, John Williams, Thomas Hart, and Nathaniel Hart. Among the Wataugans, James Robertson, Charles Robertson, John Sevier, and Isaac Shelby attended. Joseph Martin served as an interpreter. After the purchase, he returned to Powell's Valley, this time for good.²⁰

¹⁹ "Proposals for the Encouragement of Settling the Lands Purchased by Richard Henderson and Company on the Branches of the Mississippi River from the Cherokee Tribe of Indians," December 25, 1774, and February 22, 1775, in William L. Saunders, ed., *Colonial Records of North Carolina 1662-1776*, vols. 1-10 (1886-1890; reprint, Wilmington: Broadfoot Publishing Company, 1993), 9: 1129-1131, McClung Collection.

²⁰ William Stewart Lester, *The Transylvania Colony* (Spencer: Samuel R. Guard, 1935), 32-33, 37; Richard Henderson to Joseph Martin, July 20, 1775, in Draper, *Draper Manuscript Collection*, 1CC217, Microfilm, Hoskins Library. For Cherokee names, see "Note on Cherokee Names" in Cynthia Cumfer, *Separate Peoples, One Land: The Minds of Cherokees, Blacks, and Whites on the Tennessee Frontier* (Chapel Hill: The North Carolina University Press, 2007), 11-12.

The purchase occurred between March 14 and March 17, 1775. On the first day, Henderson asked if the lands were indeed claimed by the Cherokees. After a brief conference, they said yes. They then attempted to sell Henderson a 500-acre tract of land, but Henderson refused—he stated flatly that he was not interested in small areas. The next day, the Cherokees offered to sell lands north of the Kentucky River. Henderson replied that Virginians already claimed these lands and added that if he could not get the lands he wanted, he would keep his goods. At this warning, Dragging Canoe became angry, pointed to the northwest, and proclaimed the land the “bloody ground” that would be “dark and difficult to settle.” He left the treaty and many Cherokees followed him. He would later make good on his promise and form the aggressive Chickamauga tribe to fight white encroachment. Despite his efforts, the treaty continued for the next two days, and Henderson was able to make his purchase with £10,000 value of trading goods, which primarily consisted of powder and firearms. Henderson’s new estate encompassed about 35,000,000 acres, with most of them located in present-day Kentucky and extending down to present-day Nashville, Tennessee, along the Cumberland River.²¹

Attakullaculla, Oconostota, and Savanooka found the trade irresistible. The Cherokees had recently been defeated by the Chickasaws because they had exhausted their supplies. So strong was their desire to renew their strength that the chiefs ignored an agreement made with England in 1730 that stipulated that the Cherokees had no right to cede lands to any buyer except the crown. Perhaps the chiefs also sold the land because it encompassed the Cumberland River

²¹ Depositions of James Robertson, Charles Robertson, and Nathaniel Henderson, in Palmer, *Calendar of Virginia State Papers*, 1: 286, 291-293, 305-307; Samuel Cole Williams Papers 1765-1947, Box 7, Folder 4, Microfilm, TSLA; Haywood, *Civil and Political History of the State of Tennessee*, 58-59; Governor Josiah Martin to the Earl of Dartmouth, September 12, 1775, in Saunders, *Colonial Records of North Carolina*, 10: 246, McClung Collection.

Valley. This area had been wrested from the Shawnees by the Chickasaws and Cherokees in 1715, but the Shawnees still claimed it.²²

The Transylvania Purchase enabled the Watauga residents to make a deed of their own with the Cherokees on March 19, 1775. Oconostota conveyed the Wataugan leases in fee simple to Charles Robertson, who paid £2,000 in the “Lawful money of Great Britain.” The purchase began on the southwest of the Holston River six miles above the Great Island. Residents who wished to claim title to their leases had to obtain a warrant from Charles Robertson, who acted as a *de facto* chief land surveyor. Robertson would then send surveyors to survey the claimed lands and return a plat. Finally, Robertson would issue a patent, or grant. John Sevier, Jonathan Tipton, John Carter, Andrew Greer, and James Robertson bought thousands of acres. Henderson also negotiated a separate deed with the Cherokees, allowing a road to be constructed between the Transylvania settlements and Watauga. To these settlers, trade was a crucial step toward improvement.²³

The Wataugans, however, could not rely on the Transylvania Company to maintain their title. Henderson, along with his agent Daniel Boone and several other settlers, had success in establishing the town of Boonesborough, near the confluence of the Kentucky River and the Red River. The town itself survived, but Henderson’s purchase did not. After the colonies declared their independence, the Virginia state legislature revoked the deed given to Henderson. The revocation ended Henderson’s proprietary claim to Kentucky lands. The settlers scrambled for state protection, especially since the outbreak of the Revolutionary War portended difficulties

²² Grace Steele Woodward, *The Cherokees* (Norman: University of Oklahoma Press, 1963), 88-89; Robert J. Conley, *The Cherokee Nation: A History* (Albuquerque: University of New Mexico Press, 2005), 58-59.

²³ Tennessee Land Grants, Watauga Purchase, Microfilm, Roll 24, 1-43, 46-75, McClung Collection.

with the British and with hostile Indian tribes. The residents living north of the south fork of the Holston, along with those living near the Long Island and those in Carter's Valley, petitioned to join Fincastle County, Virginia. The original Wataugan settlers initially petitioned to join Virginia also, with the petitioners extra-legally styling themselves as representatives of the "Washington District," thus signaling their loyalty to the Patriot cause. Having been rebuffed by Virginia, on July 5, 1776, Wataugan leaders sent a petition to the Provincial Council of North Carolina asking to be annexed to that state. The petitioners pledged loyalty to the colonies and hoped that North Carolina's laws would strengthen the efficacy of their local courts. James Robertson, Elijah Robertson, Charles Robertson, John Carter, Landon Carter, Valentine Sevier, John Sevier, William Been, Andrew Greer, John Tipton, and 103 others signed the petition. The council authorized the Wataugans to elect delegates to the forthcoming state constitutional convention.²⁴

The North Carolina convention gave the Wataugans definite legal and political recognition. Delegates to the convention authorized each county to establish a county court and provide for the election of justices of the peace. Subsequently the new North Carolina state

²⁴ The story of the rise and fall of the Transylvania Company is another example of rivalries between land speculators. It is true that neither the Virginia colonial government nor the newly independent state government would allow the public domain to be purchased by a private company. But many of the same government officials who revoked the purchase had western land interests, the most prominent being Patrick Henry. See John Floyd to William Preston, April 21, 1775, in Draper, *Draper Manuscript Collection*, 4C9, Microfilm, Hoskins Library; Richard Henderson to Nathaniel Hart, et al., July 18, 1775, in Draper, *Draper Manuscript Collection*, 1CC196, Microfilm, Hoskins Library; William Christian to Joseph Martin, May 13, 1778, in Draper, *Draper Manuscript Collection*, 1XX35, Microfilm, Hoskins Library; Deposition of William Christian, June 3, 1777, in Palmer, *Calendar of Virginia State Papers*, 1: 288-289; Deposition of Patrick Henry, June 4, 1777, in Palmer, *Calendar of Virginia State Papers*, 1: 289-290; Deposition of Arthur Campbell, October 21, 1778, in Palmer, *Calendar of Virginia State Papers*, 1: 303; Resolution of the Virginia House of Delegates, June 9, 1779, in Palmer, *Calendar of Virginia State Papers*, 1: 320; Nester, *George Rogers Clark*, 41-47; "Petition of the Inhabitants of Washington District to the Provincial Council of North Carolina, August 22, 1776," in Saunders, *Colonial Records of North Carolina*, 10: 708-711, McClung Collection; Abernethy, *Frontier to Plantation in Tennessee*, 11; Folmsbee, et al., *Tennessee: A Short History*, 60-61.

legislature reorganized Washington District into Washington County, which at the time encompassed North Carolina's entire land claim west of the Appalachian Mountains. John Carter was made colonel of the county, John Sevier was made lieutenant colonel, and Charles Robertson was made first major. James Robertson became the superintendent of Indian affairs to the Cherokees. A road was constructed from Burke County, North Carolina, to the courthouse of the new county. Two years later the legislature created Sullivan County and appointed Isaac Shelby its county colonel, and it created the town of Jonesborough to be the county seat in Washington County.²⁵

Frontier leaders bolstered their counties' new political existence with military force. The Revolutionary War temporarily created unity among them. These leaders, in turn, created unity among the general populace. Virginia and North Carolina conducted joint operations against the Cherokee Indians almost every year of the war. Arthur Campbell acted as commander-in-chief of the frontier militias, while James Robertson, John Sevier, John Tipton, Evan Shelby, William Cocke, and Joseph Martin oversaw the construction of stations, organized the defense of settlements from attack, and mounted expeditions into Cherokee territory. Robertson continued his supervision of Indian affairs. These positions enabled the settlements to develop. One military officer implored Martin to "encourage the People in your parts not to fly and abandon the Country, assure them I will use ... my Power ... to send them relief." On another occasion, Martin informed Virginia Governor Patrick Henry that "great will be the distress of the frontier

²⁵ "Journal of the House of Commons, November Session, 1777," in Clark, *State Records of North Carolina*, 12: 265, 303-304, 311, 339, 395, McClung Collection; James Robertson to Governor Richard Caswell, October 17, 1777, in Clark, *State Records of North Carolina*, 11: 655, McClung Collection; Abernethy, *Frontier to Plantation in Tennessee*, 11; "An Act for Securing the Rights of Such Persons in the County of Washington [...]," in Clark, *State Records of North Carolina*, 24: 300-301, McClung Collection; "An Act to Establish and Lay Out a Town in Washington County," in Clark, *State Records of North Carolina*, 24: 309-310, McClung Collection.

Inhabitants soon if something vigorous are not soon set foot to subdue the [Cherokee] nation.”

The expeditions against the Cherokees succeeded in burning their towns, destroying their crops, and killing some of their warriors. Each expedition resulted in a treaty with the Cherokees by which white settlers claimed more land. In one of the last campaigns, Arthur Campbell, John Sevier, and Joseph Martin threatened the Cherokees, saying that they hoped the latest attack “may convince your nation that we can distress them much at any time they are so foolish as to be engaged in a war against us.” Arthur Campbell explained to Thomas Jefferson that “never did a people so happily situated, act more foolishly in loosing their livings, and their Country, at a time an advantageous neutrality was held out to them but such is the consequence of British seduction.” These developments convinced many Cherokees that accommodation with the whites was impossible. Tsi-yugunsini formed a large number of Cherokees into a separate nation and moved to the Nickajack area near present-day Chattanooga. This tribe became known as the Lower Cherokees or Chickamaugas. Attakullakulla and Oconostota remained the principal chiefs of the Overhill or Upper Cherokees.²⁶

Military coercion succeeded in reappropriating the land for expanded market activity.

Arthur Campbell hoped to establish a permanent garrison at the confluence of the French Broad

²⁶ “Account of Governor Isaac Shelby, ‘Early Times in Tennessee,’” in Draper, *Draper Manuscript Collection*, 11DD82, Microfilm, Hoskins Library; George Thompson to Joseph Martin, March 1, 1777, in Draper, *Draper Manuscript Collection*, 1XX15, Microfilm, Hoskins Library; Governor Patrick Henry to Governor Richard Caswell, January 8, 1779, in Clark, *State Records of North Carolina*, 14: 244-245, McClung Collection; Arthur Campbell to Joseph Martin, December 9, 1780, in Draper, *Draper Manuscript Collection*, 1XX40, Microfilm, Hoskins Library; Joseph Martin to Governor Patrick Henry, December 12, 1780, in Draper, *Draper Manuscript Collection*, 1XX41, Microfilm, Hoskins Library; Colonel Arthur Campbell to Thomas Jefferson, January 15, 1781, in Palmer, *Calendar of Virginia State Papers*, 1: 436-437. Shelby, in the account cited here, along with Haywood and Ramsey, argued that British agents incited the Cherokee Indians to attack the settlements. In fact, it is more likely that the British agents attempted to restrain the Cherokees from attacking the settlements because of the possibility of killing Loyalists. See Haywood, *Civil and Political History of the State of Tennessee*, 60; Ramsey, *Annals of Tennessee*, 146-154; Hamer, *Tennessee: A History*, 1: 74-79, 85-88. For the division among the Cherokees, see Woodward, *The Cherokees*, 90-101.

and Holston Rivers because, he argued, it would keep the Cherokee nation “always at our mercy, and prevent our enemies from sending emissaries among them.” It would also enable the settlers to open trade relations with the Chickasaw Indians and thereby gain access to the Mississippi River. As the British threat diminished, desire for the free navigation of the Mississippi increased among these western settlers. Their first step, however, was to oversee the first attempts to create trade networks. In Washington County, for example, the county court regulated all sorts of economic activity. It regulated an open range domain, in which livestock were allowed to roam free and crops were fenced in. The court recorded the marks of sheep, hogs, and cattle to differentiate between owners so that the owners could periodically drive their animals to market. The court also directed the clearing of roads. Some roads connected individual plantations, especially if a plantation lay along a creek or river. For example, Andrew Greer was appointed overseer of the road from John Sevier’s house on the Watauga “to a place within two miles of Solomon Smith’s house.” Other roads went from the courthouse to individual residences or to creeks. One went from the courthouse to a mill; another went from Watauga River to the county line. By the late 1780s, the court had overseen the clearing of two wagon roads, with both originating at a central point on the Watauga River and leading to different creeks. The court authorized the overseers of each road to draft inhabitants near the route to clear and maintain them.²⁷

²⁷ For evidence of a free range domain in this region, see John Floyd to Joseph Martin, May 19, 1776, in Draper, *Draper Manuscript Collection*, 1XX10, Microfilm, Hoskins Library; Records of the County Court of Cumberland District, Davidson County, and Washington County, Box 1, Folder 3, Microfilm, Tennessee Historical Society, TSLA. The authorizations for road building can be found in Records of the County Court, Washington, Box 1, Folders 3, 6, 7, 13, and 15, Microfilm, Tennessee Historical Society, TSLA.

The county court also authorized the construction of mills. Grist mills began to dot the landscape along creeks, and roads connected them with central locations. The court typically restricted the time period allowed for an individual to build the mill to encourage rapid growth. It is difficult to tell precisely if the mills were for the personal use of the owners, or if they intended to offer their services to the surrounding farmers. The termination of many roads at mill locations, however, indicates some sort of desire to connect with larger markets.²⁸

Regulation of economic activity limited the bounds within which trade operated. North Carolina, along with virtually all of the other states, regulated the fees charged by ferry operators, the prices charged by tavern owners, and the entry of individuals into these ventures. The Washington County court made annual adjustments to the prices that tavern owners could charge for rum, whiskey, brandy, beer, breakfast, dinner, and lodging.²⁹

Westward expansion came to the Cumberland region, present-day Middle Tennessee, in 1779. The origins of this settlement lay with the erstwhile owner of the Transylvania lands, Richard Henderson. When Virginia voided Henderson's Transylvania purchase, this did not affect his claim to that portion of the Transylvania lands lying in the Tennessee country, as Tennessee lands were subject to North Carolina's jurisdiction. Indeed, North Carolina's legislature appointed Henderson and James Smith to extend the boundary of the state with Virginia westward to the Mississippi River; Virginia joined by appointing Thomas Walker and Daniel Smith. The North Carolina commissioners separated from the Virginia commissioners after they reached the north fork of the Holston River because Henderson feared their course had

²⁸ Records of the County Court, Washington, Box 1, Folder 4, Microfilm, Tennessee Historical Society, TSLA.

²⁹ Records of the County Court, Washington, Box 1, Folders 4, 7, 8, and 16, Microfilm, Tennessee Historical Society, TSLA.

become crooked and would include the Cumberland region within Virginia's jurisdiction. He thenceforth ran a parallel line two miles north, and the Virginia commissioners continued with their line. As it turned out, even the line run by Walker and Smith placed the Cumberland region within North Carolina's jurisdiction. Henderson's land was temporarily safe.³⁰

In February 1779, James Robertson resigned his post as superintendent of Indian affairs for Washington County and led eight men, including a slave, to a sulfur spring known as the French Lick near present-day Nashville. They planted a field of corn, left three men to protect the crops, and returned to the Watauga settlements to retrieve their families. Some of the explorers from the 1760s came in the spring. In December, John Donelson took a large party from Fort Patrick Henry on the Long Island and endured a four-month journey down the Tennessee River, eventually disembarking near the Ohio River and crossing overland to the mouth of the Cumberland River. As they passed up the Cumberland, they met Henderson running a boundary line between Virginia and North Carolina. He assured them he had purchased corn for the settlements. Donelson's expedition finally arrived on April 24, 1780. In all, between two and three hundred individuals settled on the Cumberland lands. The settlers named the location "Nashborough," after the North Carolina General Francis Nash.³¹

The Cumberland settlers found themselves in a similar situation to the Wataugans. They formed their own government under the "Cumberland Compact," a constitution primarily written by Henderson. It provided for governmental authority in a committee of twelve judges, the

³⁰ Colonel Arthur Campbell to Governor Edmund Randolph, December 10, [unknown year], in William P. Palmer, ed., *Calendar of Virginia State Papers and Other Manuscripts*, vol. 4, *January 1, 1785, to July 2, 1789* (Richmond: R. U. Derr, Superintendent of Public Printing, 1884), 365-366.

³¹ James Robertson to Richard Caswell and the General Assembly, January 14, 1779, in Clark, *State Records of North Carolina*, 14: 246-247, McClung Collection; Haywood, *Civil and Political History of the State of Tennessee*, 95-98; "Voyage of the Donelson Party (1779-1780)," in Samuel Cole Williams, ed., *Early Travels in the Tennessee Country, 1540-1800* (Johnson City: The Watauga Press, 1928), 231-241; Hamer, *Tennessee: A History*, 1: 99-100.

members of which were to be elected by the freemen of each station. Three were to be elected from Nashborough, two each from Gasper's and Eaton's, and one each from Bledsoe's, Asher's, Stone's River, Freeland's, and Fort Union. Any station could hold a recall election for its judge. The court had jurisdiction over disputes concerning land entries, the trial of civil suits, criminal prosecutions, and the organization of the militia. A land office was opened to sell the claims of Henderson's Company, pending North Carolina's recognition of the company's title.³²

Robertson is due much of the credit for the survival of the Cumberland settlements. For the remainder of the Revolutionary War, the settlers faced incessant attacks from the Chickasaw Indians. No corn was planted in 1781, and by 1782 the situation was desperate. Many returned to the East. Even John Donelson fled with his family and moved to Kentucky. John Haywood reported that "the common custom of the country was for one or two persons to stand as watchmen or sentinels whilst others labored in the field; and even whilst one went to a spring to drink another stood on the watch with his gun." Many settlers deserted Cumberland in 1782, and Robertson with difficulty persuaded enough to stay so that the stations would remain viable.³³

The Cumberland settlements also received strength from official state recognition. Nearing the end of the Revolution, the North Carolina Assembly in 1782 passed "An Act for the Relief of the Officers and Soldiers in the Continental Line, and for Other Purposes Therein Mentioned." The state, burdened by wartime debt, wanted to pay its soldiers in western lands. Each soldier would be issued a negotiable certificate that verified his service and indicated how much land he could claim. The Assembly also provided preemption rights to anyone who settled

³² Hamer, *Tennessee: A History*, 1: 105-106.

³³ Captain Martin Armstrong to Brigadier General Sumner, February 26, 1782, in Clark, *State Records of North Carolina*, 16: 524-525, McClung Collection; Haywood, *Civil and Political History of the State of Tennessee*, 135-136. Donelson could not escape his fate. He was killed by Indians in 1786 while surveying lands in Kentucky.

around the French Lick before June 1, 1780. Because the lands were reserved in this way, the legislature also revoked Henderson's title. As compensation, the state awarded his company 200,000 acres of land outside the military reservation, stating that "the purchases which they have made may save the State some expence in attaining peaceable possession of the Lands from the Indians." Peaceable possession would be overseen by the commissioners Absalom Tatum, Isaac Shelby, and Anthony Bledsoe, who were tasked with recording those settlers who had preemption status. Bledsoe, Shelby, and Tatum found a primitive frontier community around the French Lick. The settlers depended on trading furs in exchange for goods brought by French merchants from Illinois. Many settlers had cleared land in anticipation of establishing plantations and commerce. The commissioners made 484 entries, and each listed 640 acres of land. Frederick Stump, for example, obtained 640 acres on a branch of the Cumberland River where he had made his plantation in 1780. It extended up the creek to where "Stump's road crosses the creek at a Rocky ford." Many other entries make note of preemptions that included an "improvement," which most likely indicated land that had been cleared for cultivation.³⁴

The negotiability of soldiers' certificates commenced the first stirrings of land speculation in the Cumberland region. Many of the individuals who moved to "Nashboro" had the means to engage in land speculation. A typical entry reads, "Benjamin Logan [assignee] of William Montgomery [assignee] of Alexander Pamelin who is [assignee] of Edmund Newton obtained a preemption of 640 acres of land." Most prominent among these speculators were James Robertson, his brothers Elijah and Mark, his cousin Charles, John Donelson, William

³⁴ "An Act for the Relief of the Officers and Soldiers in the Continental Line [...]," in Clark, *State Records of North Carolina*, 24: 419-422, McClung Collection; "House Journal from April 16, 1782, to May 18, 1782," in Clark, *State Records of North Carolina*, 16: 151-154, McClung Collection; Irene M. Griffey, comp., *The Preemptors: Middle Tennessee's First Settlers* (Clarksville: Griffey, 1989), 1, 11-15, 25-27, 32, 41-42, Hodges Library.

Cocke, Isaac Shelby, Daniel Smith, and Isaac Bledsoe. Many of these settlers bought from the soldiers' military certificates. The purchasers became the "assignees." Wealthy land speculators and their well-to-do agents, rather than poor squatters, initiated western expansion.³⁵

Speculative ventures quickened with the end of the Revolutionary War. North Carolina's speculators anticipated the growth of Tennessee lands, and no speculator became more influential than William Blount. Born in 1749, Blount came from a family of Cavalier descent and professed the practical conservatism of John Dickinson. In 1771, he and his father Jacob assisted North Carolina's colonial government in defeating a tax rebellion by inhabitants of the central counties. During the Revolution, he had held important state offices. By 1782 he was representing North Carolina in the Continental Congress. Blount's involvement with the Transylvania purchase had whetted his appetite, and he quickly perceived the potential that independence created in profiting from western lands. While still serving in the Continental Congress, Blount began to work for a cession of North Carolina's western lands to the national government.³⁶

Blount and his brothers John Gray and Thomas already operated several ventures in North Carolina. Their pursuit of wealth was unbounded. His cousin Thomas Hart wrote him, "I Remember you told me whenever you heard any person [complaining] against Others, for making Money too fast, you looked on him as an envious man, who was disturb'd Only with his Own [mis]fortune." The three brothers were immensely successful. They performed mercantile

³⁵ Griffey, *The Preemptors*, 11-15, 25-27, 32, 41-42, Hodges Library. Archeological evidence indicates that many of the first settlers used accoutrements like fine china in their frontier homes, thereby indicating their wealth. See Kevin E. Smith, "Bledsoe's Station: Archeology, History and the Interpretation of the Middle Tennessee Frontier, 1770-1820," *Tennessee Historical Quarterly* 59, no. 3 (2000): 175-187.

³⁶ Abernethy, *Frontier to Plantation in Tennessee*, 51; William Blount to John Gray Blount, February 5, 1787, in Keith, *John Gray Blount Papers*, 1: 236-237.

activities during the 1770s, and in 1783 they formed the company John Gray and Thomas Blount, Merchants, to better organize their affairs and finance their western land schemes. Their economic activities indicate what they envisioned for future western development and mirror what transmontane settlers were already doing on a smaller scale. Thomas ran a store in Tarborough, where he traded goods like rum, salt, sugar, coffee, and iron for North Carolina's agricultural staples—tobacco, turpentine, tar, pitch, lumber, wheat, and corn. John Gray operated the main trading house at Washington, where he received agricultural produce from Thomas's store and surrounding planters. The Blounts also used their own slaves to extract these staple crops. Their firm hired ship captains to bring produce to markets in Philadelphia, New York, the West Indies, and Europe in exchange for manufactured goods and the foodstuffs at Thomas's store. They employed apprentices, many of whom had little hope for schooling and whose mothers asked that their sons be given the chance to find opportunity by working for the captains of Blount-owned vessels. The Blounts owned several grist mills, sawmills, and distilleries. They established at least one academy in Greeneville to teach reading, writing, arithmetic, geography, and Latin. Their connections with the North also made them aware of potential innovations, especially as they pertained to new agricultural implements. The Blounts would strengthen the imperative of improvement already pervading the settlements along the Watauga and the Cumberland region.³⁷

³⁷ Thomas Hart to William Blount, January 25, 1780, in Keith, *John Gray Blount Papers*, 1: 9. For the general characteristics of North Carolina, see Johann David Schoepf, *Travels in the Confederation, 1783-1784*, vol. 2, trans. and ed. Alfred J. Morrison (1788; reprint, Philadelphia: William J. Campbell, 1911), 103-148. For the Blounts' trade correspondence, see Valentine Jasper to John Gray Blount, January 29, 1783, Thomas Blount to John Gray Blount, March 2, 1783, Bingham Ingles and Gibson to John Gray Blount, March 20, 1783, Thomas Blount to John Gray Blount, August 30, 1783, John Whitaker to John Gray Blount, October 9, 1783, and Abner Neale to John Gray Blount, January 1, 1789, March 10, 1789, in Keith, *John Gray Blount Papers*, 1: 36, 41-42, 50, 95, 118, 450, 466. For the employment of apprentices, see Edward Bryan to John Gray Blount, March 16, 1793, Zedekiah Stone to John Gray Blount, March 30, 1793, and Eben Love to John Gray Blount, July 4, 1795, in Alice Barnwell Keith, ed.,

The combination of business and politics began during the spring session of the North Carolina Assembly in 1783. Blount resigned from the Continental Congress, won election to the state House of Commons as a representative from Bertie County, and maneuvered himself onto the steering committee. His brother John Gray served as a representative from Beaufort County. A series of laws passed by the assembly created the conditions by which small-scale speculation metamorphosed into big-stakes real estate investment. The first law passed emitted £100,000 in new currency. Each pound was equal to \$2 ½ Spanish milled. The currency was made legal tender. The act provided that commissioners were to grant to the continental line the printed certificates that would bear 6% interest until paid in specie.³⁸

Next, the assembly modified the original act that established the Cumberland region as a military reservation. The new law moved the southern border of reservation north because of the Indian threat. It also established a land office in Nashville with Martin Armstrong as its chief surveyor. Davidson County was established to encompass the entire reservation.³⁹

Finally, the assembly opened a land office “for the Redemption of Specie and Other Certificates, and Discharging Arrears Due to the Army.” This act, introduced by John Gray Blount, opened a more expansive operation. All land west of the Appalachian Mountains to the

The John Gray Blount Papers, vol. 2, 1790-1795 (Raleigh: State Department of Archives and History, 1959), 247, 248, 560-561. For their mill operations, distilleries, and their interest in agricultural innovations see William Blount to John Gray Blount, August 21, 1783, Samuel Coy to Hugh Williamson, November 15, 1783, and William Blount to James Barr, November 27, 1783, in Keith, *John Gray Blount Papers*, 1: 88-89, 129-130, 131. For the establishment of Greeneville Academy, see Hugh Williamson to John Gray Blount, February 5, 1787, in Keith, *John Gray Blount Papers*, 1: 246-247.

³⁸ “An Act for Emitting One Hundred Thousand Pounds in Paper Currency [...],” in Clark, *State Records of North Carolina*, 24: 475-477, McClung Collection.

³⁹ Masterson, *William Blount*, 69-70; “An Act to Amend an Act, Intituled, An Act for the Relief of the Officers and Soldiers of the Continental Line, and for Other Purposes,” in Clark, *State Records of North Carolina*, 24: 482-485, McClung Collection; “An Act to Erect a County [...]” in Clark, *State Records of North Carolina*, 24: 540, McClung Collection.

Mississippi River was opened for purchase and survey, except those lands claimed by Indians. Claimants would pay £10 in specie, or specie certificates at their face value, or certificates for currency as rated by law, for every 100 acres entered. The land office was opened at Hillsborough, and John Armstrong, Martin Armstrong's brother, was appointed entry-taker.⁴⁰

Both offices followed lengthy procedures for validating grants. Regarding the Nashville office, a soldier was to receive a warrant for survey from the secretary of state of North Carolina. The secretary was supposed to verify that the claimant had served, or a former officer could verify that a claimant had served if no documentation could be found. Once the soldier had received his warrant, he had two choices. First, he could send the warrant to the Nashville land office. The office would then assign a surveyor to find the required number of acres and produce a plat of the land. The surveyor would return the warrant and the plat to Armstrong's office, and Armstrong would send them to the secretary of state's office. The secretary would prepare a grant and countersign it with the governor. Alternatively, the soldier could simply endorse the warrant and sell (or assign) his rights to anyone. Most soldiers chose this second option, for they had neither the means nor the ambition to go west.⁴¹

John Armstrong's land office in Hillsborough differed only in that it was open to all comers. First, the speculator or an agent would explore an area of western land and mark out boundaries desired. This survey was called an "entry." The speculator submitted this entry to the entry-taker—John Armstrong. Armstrong would record the entry and issue a warrant to the

⁴⁰ "An Act for Opening the Land Office [...]" in Clark, *State Records of North Carolina*, 24: 478-481, McClung Collection.

⁴¹ "General Introduction," in Albert Bruce Pruitt, comp. and ed., *Glasgow Land Fraud Papers 1783-1800 North Carolina Revolutionary War Bounty Land in Tennessee* (1988), 1: iii, McClung Collection; Masterson, *William Blount*, 69-70.

claimant. At this point, official surveyors connected with the office would use the warrant to survey the land and create a plat. The entry-taker would then submit a warrant and its corresponding plat to the secretary of state, who would issue a grant with the authorization of the governor. Finally, the speculator gained title when the grant was recorded in the county office where the land was located.⁴²

Such a process guaranteed that the western land would become a massive commodity for speculation. Prominent frontier names appear in John Armstrong's entry book: Robertsons, Blounts, Tiptons, Donelsons, Shelbys, Carters, Bledsoes, McDowell, Hezekiah Balch, John Sitgreaves, Andrew Ross, Thomas Hutchins, John Haywood, Willie Jones, Thomas Person, William Davie, and Joseph Martin received entries for hundreds of thousands of acres of western North Carolina land. Robertson also became Blount's personal agent and surveyor. On October 13, 1783, the two men entered an agreement whereby Blount would "purchase the Rights of as many Officers and Soldiers as He conveniently can probably Fifty thousand Acres [or possibly] one hundred thousand acres." He agreed to send these rights to James Robertson in Davidson County, which Robertson would then locate and survey. Blount allowed Robertson to claim one-fourth of the land surveyed in fee simple as payment. They also agreed that Blount would "enter immediately forty thousand acres of Land lying on the South West side of the River Tennessee," for which Robertson would again receive one-fourth in fee simple.⁴³

⁴² "An Act to Amend an Act, Intituled, An Act for the Relief of the Officers and Soldiers of the Continental Line, and for Other Purposes," in Clark, *State Records of North Carolina*, 24: 482-485, McClung Collection; Abernethy, *Frontier to Plantation in Tennessee*, 50-51.

⁴³ Ramsey, *Annals of Tennessee*, 458; Irene M. Griffey, comp., *John Armstrong's Entry Book, October 21, 1783-May 25, 1784* (Clarksville: Griffey, 1993), Hodges Library; Captain Martin Armstrong to Brigadier General Sumner, February 26, 1782, in Clark, *State Records of North Carolina*, 16: 524-525, McClung Collection; William Blount and James Robertson, "Articles of Agreement," October 13, 1783, in William Blount Papers, 1783-1823, Microfilm, TSLA.

Time favored the speculators. Warrants purchased from soldiers or entered via individual entries could be held for an indefinite amount of time. Even if some speculators acquired warrants for land within Indian territory, everyone expected that Indian claims would, as a matter of course, be extinguished. For example, North Carolina Governor Alexander Martin in 1782 instructed the commissioners who had been appointed to hold a treaty with the Cherokees to “agree upon a western line by which they and you shall be sacredly bounded, which confining and contracting their settlements, they will soon be circumscribed by white Inhabitants and their power reduced to the harmless and inoffensive situation of the Catawbas.” Speculators expected to have their choice of lands eventually. Belief in the warrants’ value meant that they were even used as money.⁴⁴

The speculative binge encouraged fraudulent schemes. Blount was foremost in such activity. He shielded his activities well, never speaking of land transactions via a letter when a private conversation would do. He officially owned the maximum 5,000 acres allowed by law. But Blount and many other speculators took advantage of a crucial omission from the land office laws; the assembly failed to prohibit a surveyor from making a union of several surveys in one entry. The only practical limit that existed for land ownership, therefore, was the speculator’s ability to pay. Blount’s employment of Robertson demonstrates how agents could be used to defy such restrictions without public embarrassment, and he probably established a similar arrangement with John Donelson’s son, Stockley.⁴⁵

⁴⁴ Alexander Martin to the Cherokee Treaty Commissioners, September 20, 1782, in Clark, *State Records of North Carolina*, 16: 710-711, McClung Collection; Driver, *John Sevier*, 66.

⁴⁵ William Blount to John Gray Blount, November 6, 1783, and William Blount to John Gray Blount, December 5, 1783, in Keith, *John Gray Blount Papers*, 1: 126, 138; William Blount to John Donelson, May 17, 1783, and John Donelson to William Blount, September 24, 1783, in Keith, *John Gray Blount Papers*, 1: 58, 111. Driver, *John Sevier*, 65.

Extra-legal technicalities, however, paled in comparison to illegal schemes. According to a later investigation of these land offices, North Carolina's secretary of state, James Glasgow, delivered "these warrants to any person who applied for them on behalf of the claimant without requiring the Applicant to shew his authority to draw the warrant." Officers submitted false certificates in order to falsely acquire military warrants. Surveyors were bribed to alter warrants which indicated the name of rightful assignees. One warrant holder, Michael Rogers, wrote to John Gray Blount complaining that he saw a warrant for 274 acres ostensibly signed by him and endorsed to John Gray and Thomas Blount, who then sold the warrant to James Robertson. Rogers angrily wrote that "I Never Conveyed that Property to any person Neither was it in my hand Writing," and threatened a lawsuit if not paid immediately. Indeed, the firm John Gray and Thomas Blount was one of the worst offenders, although virtually everyone participated in the sordid affair. Thomas Person, a political opponent of the Blount brothers, acquired soldiers' warrants without any evidence of an assignment. John Sevier also probably caught the fever, although his schemes would not be revealed for several years. Speculation had two faces—one provided real impetus and security for white settlement, while the other brought personal aggrandizement through fraud, bribery, and corruption.⁴⁶

Despite these machinations, the emission of currency and the opening of the land office attracted support from a broad base of the assembly members. Regarding the currency act, most legislators understood the need for North Carolina to issue some kind of currency to pay the Continental Line. Some legislators undoubtedly hoped to economically benefit from the new

⁴⁶ Basil Gaither, Edward Graham, and Francis Locke to Samuel Ashe, in "Part 1," Pruitt, *Glasgow Land Fraud Papers*, 1: 39-40, McClung Collection; Michail Rogers to John Gray Blount, December 24, 1787, in Keith, *John Gray Blount Papers*, 1: 364; Irene M. Griffey, comp., *Earliest Tennessee Land Records and Earliest Tennessee Land History* (Baltimore: Clearfield, 2000), 104-107, 167-174, 348-349.

currency. Blount and like-minded merchants and speculators perhaps hoped that the fiat paper would provide a medium to purchase specie certificates and other state securities, which in turn could purchase land from the state land office. Richard Caswell, for example, a close friend and mentor of Blount and the speaker of the Senate, planned to purchase state securities circulating at one-fifth to one-fourth of their face value. Purchases of these securities were usually done on credit, payable in cash at three months, six months, nine months, or a year. As long as the market value of these securities remained depreciated, and as long as the law allowed the payments for land at the face value of these securities, the potential for profit boggled the imagination. Others, like Timothy Bloodworth, held no western lands but still stood to gain from the law's provision that all confiscated property from Loyalists would be set aside exclusively as a fund to redeem the new currency. Regarding the land office bill, almost all the members hoped that western lands would be used to retire state certificates. Governor Alexander Martin and Thomas Person, who became leading opponents of Blount and his coalition, held thousands of acres in western lands. Person himself fraudulently acquired military warrants. They had no objections to a land office, although they were leery of the individuals behind it.⁴⁷

⁴⁷ Alexander Martin to Benjamin Hawkins, Hugh Williamson, and Richard Dobbs Spaight, undated, in Clark, *State Records of North Carolina*, 16: 919, McClung Collection; Richard Caswell to William Caswell, May 4, 1783, in Clark, *State Records of North Carolina*, 16: 959-960, McClung Collection; Archibald Maclaine to George Hooper, June 14, 1784, in Clark, *State Records of North Carolina*, 17: 145, McClung Collection; James R. Morrill, *The Practice and Politics of Fiat Finance: North Carolina in the Confederation, 1783-1789* (Chapel Hill: The University of North Carolina Press, 1969), 57-65; Adelaide L. Fries, "North Carolina Certificates of the Revolutionary Period," *North Carolina Historical Review* 9, no. 3 (1932): 237; Entry Numbers 2549, 2552, 2553, 2556 in Griffey, *John Armstrong's Entry Book*, 132-133; Griffey, *Earliest Tennessee Land Records*, 279, 325; File Microcopies of Records in the National Archives, No. 68, *List of North Carolina Land Grants in Tennessee, 1778-1791* (Washington: The National Archives, 1944), Microfilm, McClung Collection. For Person's fraudulent schemes, see Warrant #1292 and Warrant #1294, in "Part 2," Pruitt, *Glasgow Land Fraud Papers*, 1: 66-67, McClung Collection.

Blount's primary project was the settlement of the Great Bend of the Tennessee River, or the Muscle Shoals region. But at the same legislative session in which the land office was established, the commissioners that were sent in 1782 to survey the lands for the military district returned and presented a report. From them Blount learned that the Great Bend lay south of North Carolina's border with Georgia. He thus formed a company for the purpose of colonizing the land. The company had six proprietors—Blount himself, Richard Caswell, Griffith Rutherford, Joseph Martin, John Donelson, and John Sevier. Martin, Donelson, and Sevier already had extensive knowledge of the western territory, to which Martin and Donelson added their longstanding relationships with various Indian tribes. Indeed, Martin had been serving as Virginia's agent to the Cherokees since 1776. In 1783, the North Carolina Assembly appointed him to the same position for their state.⁴⁸

The company began on a promising note. Martin and Donelson initiated the company's operations in the fall of 1783 by making a purchase from the Cherokee Indians for lands near the Great Bend. They made this private purchase while also acting as commissioners for Virginia in establishing a treaty with the Chickasaw Indians. In their official capacity as Virginia diplomats, they managed to convince the Chickasaws to recognize the legitimacy of the Cumberland settlements. In February 1784 Blount visited the Georgia assembly and convinced its members to establish a new county in the Bend area. It was to be governed by a commission of seven men—four Georgians, Martin, Donelson, and Sevier. Donelson was additionally appointed surveyor. The commissioners were empowered to grant warrants of survey for the land, with the plats created by the surveyors to be sent to the Surveyor General, who in turn would issue a grant

⁴⁸ William Blount to Joseph Martin, October 26, 1783, in Draper, *Draper Manuscript Collection*, 4XX17, Microfilm, Hoskins Library; Abernethy, *Frontier to Plantation in Tennessee*, 65.

for the land. Purchasers could buy land at one-eighth of a dollar per acre, but no individual could obtain more than 1,000 acres. Blount instructed Martin to make surveys as soon as possible. He wrote that “what will most readily influence the Georgia Commissioners to grant a large quantity of Acres will be an appearance of many People being about to go immediately to that Country to settle therefore you will necessarily keep up a Report of as many being about to go as you possibly can whether true or not.” Blount freely admitted using Anthony Bledsoe’s name without his permission, explaining that “he was known to be an over Mountain Man and of much Influence consequently in the Eyes of the State of Georgia gave Weight to the Petitioners, you [Joseph Martin] will please mention the circumstances to him.” Blount hoped to increase the real demand for western lands by creating the illusion of increased demand for western lands.⁴⁹

State politics disrupted the company’s operations in 1784. Although most of the members of the North Carolina Assembly had supported the previous year’s legislative program of paper currency, land offices, and speculation, the question of how to dispose of the western lands proved more contentious. At the General Assembly’s session in April 1784, this conflict came to a head. William Blount again took the lead in shaping western land policy, hoping to place the final touches on his speculative schemes. First, he introduced bills that created the counties of Sullivan and Greene, and he introduced a bill that created a town at James Robertson’s settlement on the Cumberland River—Nashville. Two days later, Blount introduced

⁴⁹ “At a Treaty Began and Held at French Lick on Cumberland River the 5th Day of November 1783 with the Chickasaw Nation of Indians,” in Draper, *Draper Manuscript Collection*, 1XX65, Microfilm, Hoskins Library; Colonel John Donelson to Governor Benjamin Harrison, December 16, 1783, in William P. Palmer, ed., *Calendar of Virginia State Papers*, vol. 3, *January 1, 1782, to December 31, 1784* (Richmond: James E. Good, 1883), 548; Colonel Joseph Martin to Governor Benjamin Harrison, February 16, 1784, in Palmer, *Calendar of Virginia State Papers*, 3: 560-561; “House of Assembly,” February 20, 1784, in Draper, *Draper Manuscript Collection*, 1XX71, Microfilm, Hoskins Library; William Blount to Joseph Martin, March 9, 1784, in Draper, *Draper Manuscript Collection*, 1XX72, Microfilm, Hoskins Library.

a bill for ceding North Carolina's western lands to the United States. The lands encompassed the future state of Tennessee. The bill passed its first reading, and the next day the assembly closed the land office opened in 1783. Prior to the second reading of the cession bill on May 18, William R. Davie and Thomas Person led an attempt to narrow the extent of the territory. Blount and his coalition were able to restore the original boundaries on May 19, and the bill passed its second reading. Four days later, the third and final reading of the bill passed by a margin of fifty-two to forty-three, and the measure became law.⁵⁰

The vote superficially reflected class conflict. Blount's coalition contained eastern speculators, eager to profit from western settlement, and eastern conservatives, eager to rid the state of unruly western settlers who incessantly agitated Indians. The opposition was more fractured. North Carolina's western representatives, excluding those from the transmontane region, generally opposed the cession; the transmontane representatives were divided. Some easterners had their conservative sensibilities offended by the grubby business. William R. Davie, an easterner, entered a protest in which he asserted that the bill sacrificed the general interest of the state to "the aggrandizement of a few Land Jobbers who have preyed on the depreciated credit of their Country and the necessities of the unfortunate citizen." All the cession's opponents signed this petition. The cession bill may have been a speculative grab by land jobbers, but land jobbers also led opposition to the bill. In fact, almost 60% of the bill's opponents were speculators in Tennessee lands, while only 40% of its supporters had speculative holdings. The opposition stemmed more from concerns over the readiness of western settlers to establish their own government, rather than a concern over wealthy speculators directing the

⁵⁰ "House Journal April 1784," in Clark, *State Records of North Carolina*, 19: 536, 550, 557-558, 567-568, 586-587, 593-594, 612-613, 621-622, 643-644, McClung Collection.

course of western settlement. Conflict over the cession act reflected the efforts of disparate speculators to control western development, rather than rival classes contending for control of the government. Thomas Person hoped that North Carolinians would buy up all the western lands and deny Congress the ability to claim them. He believed that the western country would become a separate state, and he planned to emigrate. The question over western lands was more political than economic.⁵¹

The 1784 assembly also divided Tennessee lands into three sections and elected three chief surveyors—Stockley Donelson was elected to manage the land between Greene County and Cumberland Mountain; William Polk would manage the land between the Cumberland Mountain and the Tennessee River; and William T. Lewis would oversee the land between the Tennessee River and the Mississippi River. Donelson acquired enormous holdings, much of them concentrated near present-day Chattanooga—a key site for the Muscle Shoals speculation.⁵²

Conflict over the cession of western lands carried over into the next session of the assembly in October. Blount's western program was in danger. He worried that "every Person I have seen here envied us the Purchase and wished to own a Part of the Bent of Tenessee."

⁵¹ "House Journal April 1784," in Clark, *State Records of North Carolina*, 19: 713, McClung Collection; Thomas Person to James Robertson, May 23, 1787, in Nathaniel Cross, ed., "Correspondence of General James Robertson," *The American Historical Magazine* 1, no. 1 (1896): 78. I derived the percentages by comparing the "Yea" and "Nay" votes found in "House Journal April 1784," in Clark, *State Records of North Carolina*, 19: 643-644, McClung Collection, with the names of Tennessee landowners found in Griffey, *Earliest Tennessee Land Records*, 74-426. The roster for this House session is incomplete, but the available evidence indicates a division between eastern and western delegates. See Clark, "House Journal April 1784," *State Records of North Carolina*, 19: 489-581, McClung Collection, for the names of the representatives and their constituent counties. For county maps of North Carolina, see David Leroy Corbitt, *The Formation of the North Carolina Counties, 1663-1943* (Raleigh: State Department of Archives and History, 1950), 287, 289.

⁵² "An Act to Amend an Act, Intituled, 'An Act for Opening the Land Office for the Redemption of Specie and Other Certificates, and for Discharging the Arrears Due to the Army,'" in Clark, *State Records of North Carolina*, 24: 565, McClung Collection; William Blount to John Donelson, May 17, 1783, in Keith, *John Gray Blount Papers*, 1: 58.

Speculators had entered lands which lay outside the bounds of North Carolina and within the bounds of the Muscle Shoals purchase, hoping to receive grants from North Carolina anyway. Blount's fears proved correct. The anti-cession delegates, especially Person, Davie, and Alexander Mebane, had spent the summer campaigning against the cession act, accusing Blount and his coalition of bribery, corruption, and an improper influence over Congress. Person and Mebane no doubt kept quiet about their own immense estates. Hugh Williamson, a member of the Confederation Congress, an associate of Blount, and another western speculator, also attacked the cession act on the grounds that it did not provide for the assumption by Congress of the cost of North Carolina's Indian wars. They did their work well, and their cause was strengthened when Congress dithered in accepting the cession. Enough new representatives were elected to the Assembly to assure the cession act's repeal, even though Blount remained the Speaker of the House and Caswell remained the Speaker of the Senate. Pro-cession speculators tried to save some of their program, but the final outcome was never in doubt. The repeal of the cession passed with a vote of 19-11 in the Senate and 37-22 in the House. Although the Assembly contained new representatives, the yeas and nays over the repeal act reflected a similar intermixture of economic interests as in the passage of the original cession bill. In the Senate, approximately 50% of the members who voted "yea" held western lands, while 73% of the members who voted "nay" held western lands. In the House, 59% of the members who voted for the repeal held western lands, while 64% of the members who voted against it held western lands. The difference over the cession of western land stemmed from differences over how the West should be settled, and who would manage its settlement.⁵³

⁵³ William Blount to Joseph Martin, October 26, 1783, in Draper, *Draper Manuscript Collection*, 4XX17, Microfilm, Hoskins Library; "House Journal October 1784," in Clark, *State Records of North Carolina*, 19: 717-

While the North Carolina assembly wrestled with the fate of western lands, transmontane settlers began to fight a similar battle to determine their own fate. The ill-fated state of Franklin would be the result. News of the cession act reached the western counties of Washington, Greene, and Sullivan over the summer. The settlers wasted no time in exercising self-government. County residents at first elected two representatives from each militia company to assemble as a committee. The committee called for a convention of delegates from the counties, and an assembly met on August 23, 1784. From Washington, the representatives included John Sevier, Charles Robertson, and Landon Carter. Sullivan County's representatives included Joseph Martin, Gilbert Christian, William Cocke, and Stockley Donelson. Greene County's representatives included Alexander Outlaw and David Campbell. Sevier was appointed president, and Carter was appointed clerk. The assembly at this moment merely decided to support the laws of North Carolina for their temporary government. The assembly also resolved that "if we should be so happy as to have a separate government, vast numbers from different quarters, with little encouragement from the public, would fill up our frontier, which would strengthen us, improve agriculture, perfect manufactures, encourage literature and everything truly laudable." No anger was expressed at being cast off from North Carolina's protection. On the contrary, the report concluded that "the Assembly of North Carolina, by their late cession bill, opened the door, and by their prudent measures invite us to it." The convention met again in November, only to break up in confusion over the repeal of the cession act. Yet on December 14, 1784, five delegates from each county met in convention, agreed to establish a constitution

760, 805, McClung Collection; "Senate Journal October 1784," in Clark, *State Records of North Carolina*, 19: 400-427, 460, McClung Collection; the names of the western speculators can be found in Griffey, *Earliest Tennessee Land Records*, 74-426.

within the next year, and decided that in the meantime a legislative assembly should be elected. The assembly met in early 1785, elected Sevier governor, appointed David Campbell a judge of the superior court, and appointed Joshua Gist and John Anderson assistant judges. Landon Carter became the Speaker of the Senate, and William Cage became Speaker of the Commons. Prominent frontier leaders that joined this faction included William Cocke, Alexander Outlaw, and Stockley Donelson. The state of Franklin was born. The assembly asserted its authority by creating three more counties—Caswell, Spencer (present-day Hawkins), and Sevier.⁵⁴

North Carolina attempted to allay this discontent. The same assembly that had repealed the cession act organized the westernmost counties of Davidson, Greene, Sullivan, and Washington into the Washington District. Judge David Campbell was appointed to preside over a superior court. The militiamen of the new district were formed into a brigade, and John Sevier was appointed brigadier general. Provision was given for a treaty with the Cherokee Indians to reconcile the seizure of their land under the 1783 land act. At first, Sevier seemed satisfied with these concessions. On December 14, 1784, the day that the people came together in Washington County to elect deputies to the Franklin convention, Sevier announced from the steps of the courthouse that “the grievances which the people complained of are redressed, and my recommendation to them is that they proceed no farther in their design to separate from North Carolina.” Yet by March he changed his mind again, probably because the force of his

⁵⁴ Haywood, *Civil and Political History of the State of Tennessee*, 150-152, 154-155, 161; Alexander Martin to John Sevier, December 1784, in Clark, *State Records of North Carolina*, 17: 109, McClung Collection; “A Talk Delivered by the Old Tassel to Colonel Joseph Martin for His Excellency Alexander Martin, Esquire, Governor of North Carolina, for Himself and Whole Nation,” October 10, 1784, in Clark, *State Records of North Carolina*, 17: 175, McClung Collection.

popularity had propelled him to the governorship. Franklin's statehood had gained too much support to be stopped.⁵⁵

Governor Alexander Martin issued a manifesto on April 25, 1785, in an effort to rally Franklin inhabitants back to North Carolina. Martin accused Franklin's leaders of "a restless ambition and a lawless thirst for power ... by which the persons concerned therein, may be precipitated into measures that may, at last, bring down ruin, not only on themselves, but our country at large." Martin asserted the right of the state to control its vacant territory, with which it could pay its public debts, and in this argument he joined with the assembly members who had voted to repeal the cession act. The Franklinites themselves were divided on this question; both John Tipton and Evan Shelby wrote to Governor Martin, assuring him that they remained loyal to North Carolina.⁵⁶

Initially, however, Sevier remained popular. He wasted no time in using his position as governor to enlarge Franklin's territory, again at the expense of the Cherokees. Sevier's consolidation of power came at a fortunate time too, for Attakullaculla and Oconostota had died in 1780 and 1782, respectively. A peaceful chief named Onitositah (Old Tassel), aided by another Cherokee chief named Scolacutta (Hanging Maw), had assumed the responsibilities of the nation. Onitositah well understood the lust for land that drove white settlers. He once remarked that "truth is, if we had no lands, we should have fewer enemies." Yet he acted unwisely when Sevier invited him to meet Franklin representatives on Dumplin Creek for "A

⁵⁵ Haywood, *Civil and Political History of the State of Tennessee*, 153-154.

⁵⁶ "A Manifesto, State of North Carolina," April 25, 1785, in Clark, *State Records of North Carolina*, 17: 440-445, McClung Collection; Colonel John Tipton to Governor Alexander Martin, May 13, 1785, in Clark, *State Records of North Carolina*, 22: 648, McClung Collection; Colonel Evan Shelby to Governor Alexander Martin, May 14, 1785, in Clark, *State Records of North Carolina*, 22: 647-648, McClung Collection.

Treaty of Amity and Friendship.” Instead of attending himself, Onitositah sent Ancoo of Chota and other young chiefs to negotiate. The meeting occurred on May 31, 1785. Sevier, Outlaw, Joshua Gist, and other Franklinites probably tricked the inexperienced chiefs into signing a document that they did not fully understand. The lands fraudulently acquired by the whites at this meeting extended south to the present site of Knoxville, Tennessee.⁵⁷

The doings of the Muscle Shoals speculators regarding the beginning of the state of Franklin are shrouded in mystery. On December 4, 1784, Blount wrote to Sevier, Martin, and Donelson relaying his hopes that a land office would be established at the Long Island on Holston for the entry of Muscle Shoals lands. He intended to attend an upcoming treaty between North Carolina and the Cherokee Indians, and he hoped to delay the opening of the office so that he could attend the beginning of the land sales in person. Of the Franklin movement, Blount cryptically said that “it is the Opinion of many well-informed People in this quarter that notwithstanding the repealing act if Congress accepts the Cession in the Time limited by the Cession Act that the Soil will become the Property of the United States.” It is possible that Blount wanted the new state to stand because it would ensure the territorial integrity and political existence of the ceded lands under the authority of the United States. In addition, it seems that Sevier played an influential role in convincing the western inhabitants to form their own state. Martin, informing Sevier of the North Carolina assembly’s decision to repeal the cession act, wanted to know if Sevier “intended to persist in establishing a government or let it lay over.” It was at this point that Sevier vacillated, only to re-commit to the Franklin movement in early 1785. By October, after Franklin’s government had been established and the Treaty of Dumplin

⁵⁷ Haywood, *Civil and Political History of the State of Tennessee*, 153-154; Woodward, *The Cherokees*, 104.

Creek had been ratified, Sevier wrote to Blount regarding the Muscle Shoals speculation, saying that he believed the project was “quite Safe, and almost in Our Own hands as to the Settling of that Rich and fertile Country.” Regarding Franklin, Sevier added that “I suppose Much Will be said in your Assembly Respecting our New State—I hope there Will be Gentlemen enough in that body possessed of Just and Liberal principles to Support and Defend Any thing that will be Said against Us.” And the state of Franklin certainly benefitted from the election of Richard Caswell, who replaced Governor Martin in 1785. It seems that the speculators initially viewed the Franklin movement with some unease, but finally decided that a new state would not harm their designs for the Muscle Shoals region.⁵⁸

The Muscle Shoals speculation almost became reality in December 1785. Sevier and Donelson joined a party of ninety men in an effort to establish a settlement. The commissioners opened a land office, which proceeded to issue warrants. They remained two weeks, but the Chickasaw Indians threatened imminent attack unless the settlers moved off the land.

Tuskyatook, King of the Chickasaws, ensured that white settlers stayed off the land and made it impossible for the Muscle Shoals speculators to return.⁵⁹

An additional hindrance to the Muscle Shoals speculation came from the Treaty of Hopewell, ratified by the United States and Onitositah and Scolacutta. On November 18, 1785,

⁵⁸ William Blount to John Sevier, Joseph Martin, and John Donelson, December 4, 1784, in Draper, *Draper Manuscript Collection*, 4XX18, Microfilm, Hoskins Library; Joseph Martin to John Sevier, December 31, 1784, in Draper, *Draper Manuscript Collection*, 11DD76a, Microfilm, Hoskins Library; Haywood, *Civil and Political History of the State of Tennessee*, 153-154; John Sevier to William Blount, October 7, 1785, in Keith, *John Gray Blount Papers*, 1: 221-222; Governor Richard Caswell to Brigadier General John Sevier, June 17, 1785, in Clark, *State Records of North Carolina*, 17: 472, McClung Collection; Governor Richard Caswell to John Sevier, July 12, 1786, in Draper, *Draper Manuscript Collection*, 4XX18, Microfilm, Hoskins Library.

⁵⁹ Haywood, *Civil and Political History of the State of Tennessee*, 172-173; “Land Warrant,” December 22, 1785, in Draper, *Draper Manuscript Collection*, 11DD78a, Microfilm, Hoskins Library; Chickasaw Chiefs to General John Sevier, September 20, 1787, in Sevier and Madden, *Sevier Family History*, 82-83, Hodges Library.

the United States representatives Benjamin Hawkins of North Carolina, Joseph Martin of Virginia, and Andrew Pickens of South Carolina met with the chiefs. Onitositah presented his grievances concerning the state of Franklin. He also attempted to reclaim much of the territory ceded to the Transylvania Company. The United States commissioners agreed with the first grievance that much of the territory claimed by the state of Franklin should be Cherokee land. Respecting the second proposition, someone produced the Transylvania Company's deed signed by Attakullaculla and Oconostota, and the chiefs relented. Nevertheless, speculator interests were endangered by the treaty as finally agreed to on November 28. Blount, attending as an agent of North Carolina, vainly entered a protest in which he asserted that North Carolina had not given up its right to the soil recognized in the state constitution of 1776. The treaty went through, and Blount, having again been elected to serve in the Confederation Congress, would bide his time in New York.⁶⁰

Martin's participation in this treaty seemed incongruous, given his interest in Muscle Shoals lands. His interests, however, were many. Martin had since the Revolution acted as an agent for Patrick Henry, and his loyalty to Henry remained firm. Henry was concerned that the aggressive Franklinites would engulf all the southern states in an Indian war for which they were ill-prepared. To Henry and Martin, Franklinite leaders had played demagogues attempting gain political power. Henry preferred that judicious agents like Martin oversee western expansion. The difference was one of degree, rather than of substance. Henry was a heavy speculator in

⁶⁰ "By the United States in Congress Assembled," March 15, 1785, in Clark, *State Records of North Carolina*, 17: 430-431, McClung Collection; "Articles of Treaty Between the Commissioners of the United States and the Cherokees," November 28, 1785, in Clark, *State Records of North Carolina*, 17: 583-586, McClung Collection; Woodward, *The Cherokees*, 104-106; William Blount to Benjamin Hawkins, Andrew Pickens, Joseph Martin, and Lachlan McIntosh, November 22, 1785, in Clark, *State Records of North Carolina*, 17: 578-579, McClung Collection; William Blount to Governor Richard Caswell, July 1, 1785, in Clark, *State Records of North Carolina*, 17: 477-478, McClung Collection.

western lands, and he sanctioned violence against the Indians when he deemed it appropriate. Martin's ambivalence also stemmed from his close connection with a Cherokee clan. Despite having a wife and children in Virginia, Martin had married a Cherokee woman when he was appointed Virginia's agent to the Cherokees in 1776. The woman's clan protected Martin during negotiations, and at times he seemed to sympathize with the Cherokees' situation when they encountered the deceit and violence practiced by the Franklinites. Nevertheless, Martin, along with virtually all whites interested in western lands, believed that assimilation of the Indian tribes was the only realistic outcome of western development.⁶¹

The Treaty of Hopewell was highly unpopular among Franklin inhabitants. Many abided by the Treaty of Dumplin Creek and continued to push south of the French Broad River. Two more counties were created in this region, with one named Sevier and the other named Blount. By the spring of 1786, the Cherokees began attacking the encroaching whites, in accordance with the Treaty of Hopewell's stipulation that the Cherokees could deal with trespassers as they willed. Sevier raised a company of 160 volunteers, marched to the Hiwassee River, destroyed three Cherokee towns, and killed fifteen of their inhabitants. Sevier then forced Onitositah and Scolacutta to sign the Treaty at Chota Ford on July 31, 1786, despite the chiefs' insistence that their towns had nothing to do with the Cherokee raids. The extra-legal treaty asserted the right of white settlers to settle all land north of the Little Tennessee River. Sevier also threatened the

⁶¹ Governor Patrick Henry to Colonel Joseph Martin, April 16, 1785, Joseph Martin to Patrick Henry, September 19, 1785, Patrick Henry to the Speaker of the House of Delegates, October 17, 1785, Patrick Henry to the Virginia Delegates in Congress, July 5, 1786, Joseph Martin to Patrick Henry, August 14, 1786, Patrick Henry to Joseph Martin, October 4, 1786, Joseph Martin to Patrick Henry, January 20, 1787, in William Wirt Henry, ed., *Patrick Henry: Life, Correspondence and Speeches*, vol. 3 (New York: Charles Scribner's Sons, 1891), 296, 321-322, 327, 363-365, 372, 374-376, 384; William Martin to Lyman C. Draper, July 7, 1842, in Draper, *Draper Manuscript Collection*, 3XX4, Microfilm, Hoskins Library.

Cherokees with destruction unless the murders along wilderness roads ended and the stealing of horses ceased.⁶²

But Franklin's lack of unity doomed it from the start. Its political structure was bizarre. County courts operated under the authorities of Franklin and North Carolina; militia officers called out the militia in the name of the two governments; laws and taxes were imposed by both the Franklin Assembly and the North Carolina Assembly, though each faction ignored the other's laws, and neither faction paid the taxes. Colonel John Tipton emerged as the leader of the opposition to Sevier, and the opponents of the state of Franklin became known as Tiptonites. At one point in 1786, Tipton took a posse and invaded the Washington County Court at Jonesborough, taking away the papers from the clerk and throwing the justice of the peace into the street. Sevier in response marched with his own party to the Washington County Court operating under North Carolina's jurisdiction and treated its clerk and justice of the peace in like manner. Sevier and Tipton eventually had a personal encounter in Jonesborough. Violent insults were exchanged, whereupon Sevier struck Tipton with his cane, and a brawl ensued. At this point, onlookers and friends separated the combatants, but civil discord often turned into contests of martial prowess among allies of each political faction.⁶³

Franklin's political turmoil reflected personal animosities and differences of opinion over the readiness of the western counties for independence rather than economic tensions. Sevier and Tipton had known each other from their earlier residence in Virginia, and Tipton had served in

⁶² David Campbell to Lyman C. Draper, December 16, 1840, in Draper, *Draper Manuscript Collection*, 10DD7, Microfilm, Hoskins Library; *Maryland Gazette*, October 11, 1785, in Draper, *Draper Manuscript Collection*, 3JJ156, Microfilm, Hoskins Library; "A Treaty Held Between the Officers of the State of Franklin and the Cherokee Indian Chiefs," July 31, 1786, in Clark, *State Records of North Carolina*, 18: 697, McClung Collection; Woodward, *The Cherokees*, 106-107.

⁶³ Haywood, *Civil and Political History of the State of Tennessee*, 173-176.

the Revolutionary War with Sevier. Indeed, Tipton's military competence had come under scrutiny during the 1781 campaign. He was in command of 150 mounted infantrymen with orders to burn a Cherokee town, but, as reported by Arthur Campbell, "the officers of the Horse, by an unmilitary behavior failed in crossing the River." Sevier perhaps felt contempt toward an officer who had failed in his duty. Their feud could also have been animated by a competition for land. Tipton, like Sevier, was a planter. Both men and their families owned large tracts of land, although the Sevier holdings exceeded the Tipton claims by tens of thousands of acres in the counties of Greene, Sullivan, and Washington.

Both factions promoted market development. Tipton became the deputy clerk of the Washington County Court under North Carolina's authority and oversaw the construction of wagon roads. By 1792, John Tipton's brother Jacob owned a wagon, various kinds of livestock, pewter dishes, plough irons "with clevises and geers," and "1 weavers Loom and 2 slays with Shuttles." Other Tiptonites worked to enlarge trade. The judges who served on the court that Tipton clerked for—John McMahon, James Stuart, and Robert Allison—all held land in Washington, Sullivan, and Greene Counties. Evan Shelby, whom North Carolina had appointed Brigadier General of Washington District when Sevier vacated the position to become Franklin's governor, spoke to Governor Caswell of his desire that peace should prevail and of his wish that Caswell would join him in the western country. Shelby also inquired of the status of several land warrants he had sent to North Carolina's land grant office. The state of Franklin thus partly represented a competition among land speculators, as had the contention over the original North Carolina cession bill.⁶⁴

⁶⁴ Note of John Tipton to James Jackson, December 16, 1754, in John Sevier Papers, Box 1, Folder 7, Microfilm, TSLA; "State of North Carolina, to the Sheriff of Washington County," August 10, 1784, in John Sevier Papers,

The Franklinites were not outdone in promoting material improvement. The Franklinites Thomas Amis, for example, operated several business ventures in Hawkins County. He owned a tavern, and many of the debts he recorded were for whiskey, rum, and brandy. Stockley Donelson especially appreciated a good drink after long weeks of surveying lands. Amis also debited clientele for manufacturing and mending axes, hoes, plows, and saws, and for purchasing materials like salt, nails, lead, and iron. Much of Amis's clientele were wealthy; they typically paid for his goods and services in North Carolina currency, or they traded valuable goods of their own like saddles, bridles, shoes, pots, kettles, and dutch ovens. Amis noted in one entry that a schoolmaster named William Evans was indebted to him for pork, corn, potatoes, salt, and tobacco. Amis wrote on the credit side of the ledger that Evans in February 22, 1784, "began to keep s[c]hool at £25 per year" and thereby balanced his account. Poorer clientele also utilized Amis's services. Customers like Edmund Boaz or William Fitzgerald, who did not have ready access to cash, paid their debts in animal skins, livestock, or bushels of various crops.⁶⁵

Even Sevier's expansionist aims remained popular. His extralegal treaties and Franklin land claims were in part an effort to secure Muscle Shoals land, but speculators hardly represented a devilish cabal that manipulated western inhabitants. Joseph Martin reported to

Box 1, Folder 8, Microfilm, TSLA; Records of the County Courts, Washington, Box 1, Folder 15, February, May, August, and November 1787, February 1788, Microfilm, Tennessee Historical Society, TSLA; Tennessee Historical Records Survey, Washington County Court Clerk's Office, *Inventories of Estates, 1779-1849*, vol. 1, *Book 00, 1779-1821* (Nashville: United States Works Progress Administration, 1938), 31, Microfilm, McClung Collection; General Evan Shelby to Governor Richard Caswell, March 21, 1787, in Clark, *State Records of North Carolina*, 22: 671-672, McClung Collection. Records of the land holdings of the individuals mentioned here can be found in Griffey, *Earliest Tennessee Land Records*, 79, 293, 361-362, 364, 382, 394.

⁶⁵ Amis's wealthy clientele included William McGauhey, Colonel John Smith, Stockley Donelson, William Evans, William Cocke, Joseph Martin, and Joseph McMinn. Their transactions can be found in Lucy Kennerly Gump, comp., *Amis Ledger B (1782-1794) Interpretive Transcription of an East Tennessee Business Record Book* (Johnson City: 1996), 5-6, 6-7, 12-13, 70-71, 126-127, 132-133, 166, Hodges Library. For Amis's poorer clientele, see Edmund Boaz and William Fitzgerald in Gump, *Amis Ledger B*, 15, 66, Hodges Library. I derived these individuals' statuses from the size of their landholdings in Griffey, *Earliest Tennessee Land Records*, 74-475. In Fitzgerald's case, his name is not found in these records.

Caswell in March 1787 that Franklin had opened a land office for the lands lying below the French Broad River. He worried that “the people are Settling as far as the Banks of the Tennessee and have Improved on the South side of the river to the great disquiet of the Indians, in short they seem to take every step that appears most productive to a war with them [sic] people.” One week later, Scolacutta complained to Martin that “fair promises [were] always made that the white People Should not come over but we Always find that after a treaty they Settle much faster than before.” Onitositah appealed to Martin and the governors of Virginia and North Carolina to contain the Franklinites. He complained that Sevier only met with young men who had not authority to speak for the tribes, and he charged that Sevier deliberately misconstrued their words in order to claim land.⁶⁶

The Franklinites’ invasion continued. In November 1787, they responded enthusiastically to a joint expedition with the state of Georgia, planned by Sevier’s initiative. Sevier had reached an agreement with Georgia whereby the state of Franklin would supply 1,500 troops in exchange for an assurance from Georgia that the Muscle Shoals lands would be reserved for the Franklin volunteers. Privates would receive 640 acres of land, and higher ranks would garner more acres. Sevier hoped that his soldiers “would be animated with the Idea That they are now Capable of winning the World.” He continued that “this Great and Liberal Encouragement will Certainly induce numbers to come Out on the Expedition, which will not only be something handsom for themselves but will have the honor of assisting a very generous

⁶⁶ Joseph Martin to Governor Richard Caswell, March 16, 1787, Cherokee Collection 1775-1878, Box 1, Folder 17, Microfilm, TSLA; “Old Tassel Talk,” March 24, 1787, Cherokee Collection 1775-1878, Box 1, Folder 6, Microfilm, TSLA; Old Tassel to Joseph Martin, March 25, 1787, Cherokee Collection 1775-1878, Box 1, Folder 20, Microfilm, TSLA; “Cherokees Talk from Old Tassel to the Governors of North Carolina and Virginia,” September 19, 1787, in Clark, *State Records of North Carolina*, 20: 779-780, McClung Collection.

and friendly Sister State to chastise ... an insolent, barbarous and Savage Nation of Indians.” On the one hand, Sevier’s efforts were a cynical ploy to rally political support by stoking racial prejudice against the Indians. On the other hand, it seems that many Franklinites needed little convincing. Of a total population amounting to approximately 25,000 people, Sevier was able to meet the volunteer quota in a week. And although the intricate details of his schemes were perhaps largely unknown, it was widely known that Sevier was a land dealer and that he had an interest in the Muscle Shoals region. Sevier profited from western expansion, but his leadership and fighting ability assisted that expansion.⁶⁷

These efforts came to nothing because the state of Franklin continued to weaken during 1787. Its dimming prospects probably stemmed from the conciliatory stance of the North Carolina legislature and the desire of land speculators to reset the move for western states. In 1786, the North Carolina Assembly had passed an act of pardon for Franklinites willing to take an oath of loyalty to North Carolina, and it obviated all taxes due from the western counties for the years 1784 and 1785. The assembly also resolved that “although a separation is at this time impracticable, yet whenever the wealth and Numbers of the Citizens on the western waters so much increase as to make the same necessary, that then we are free to say a separation may take place upon Friendly and reciprocal terms and under certain compacts and stipulations.” It renewed these overtures in 1787. The western counties also began electing members to the North Carolina Assembly. David Campbell’s election to the House of Commons from Greene County was especially significant, in that Campbell had heretofore been a staunch Franklinite

⁶⁷ John Sevier to Gilbert Christian, November 28, 1787, in John Sevier Papers, Box 1, Folder 2, Microfilm, TSLA; Haywood, *Civil and Political History of the State of Tennessee*, 182; Samuel Cole Williams, *History of the Lost State of Franklin* (New York: The Press of the Pioneers, 1933), 191-192; Walter Faw Cannon, “Four Interpretations of the History of the State of Franklin,” *ETHS Publications*, no. 22 (1950): 17-18.

and ally of Sevier. He did not turn against Sevier, but he seemed interested in restoring tranquility to the region first before independence. The same assembly appointed him judge of the Superior Court for the District of Washington. Meanwhile, Governor Richard Caswell, Sevier's business partner, always maintained a friendly correspondence but increasingly advised Sevier to allow Franklin to reunite with North Carolina so that a more unified and constitutional separation by the western counties could be accomplished. Caswell's attitude probably reflected the feelings of his friend William Blount; both men sympathized with the desire for western independence and looked forward to a day when it could be accomplished, but it had become clear that the tumultuous state of Franklin only hurt the arguments for independence. Sevier remained defiant: "We shall continue to Act as Independent and would rather Suffer death in all its Various and frightful shapes than Conform to any thing that is disgraceful." Several Franklinites joined Sevier by writing a petition to the North Carolina Assembly. A young attorney named Andrew Jackson was among the petitioners.⁶⁸

Franklinite defiance accomplished nothing. By January 1788, Franklin's prospects were all but dead. The northern counties of Washington, Hawkins, and Sullivan had turned against Sevier and coalesced around Tipton, while Sevier's support remained stronger in the southern counties of Greene, Sevier, Caswell, and Blount. Feeling that his position was strong enough to force the issue, Tipton in early February ordered Sheriff Jonathan Pugh to confiscate Sevier's

⁶⁸ "Report of Committee on Sundry Petitions," December 13, 1786, in Clark, *State Records of North Carolina*, 22: 653-654, McClung Collection; "House Journal, 1787," in Clark, *State Records of North Carolina*, 20: 119-120, 124, McClung Collection; Haywood, *Civil and Political History of the State of Tennessee*, 188; Governor Richard Caswell to John Sevier, July 12, 1786, in Draper, *Draper Manuscript Collection*, 4XX18, Microfilm, Hoskins Library; Governor Richard Caswell to John Sevier, February 23, 1787, in Clark, *State Records of North Carolina*, 22: 672-673, McClung Collection; John Sevier to Governor Richard Caswell, April 6, 1787, in Clark, *State Records of North Carolina*, 20: 660, McClung Collection; "Petition of the Inhabitants of the Western Country," December 1787, in Clark, *State Records of North Carolina*, 22: 708, McClung Collection.

property as payment for unpaid taxes to North Carolina. Pugh took both Sevier's slaves and livestock and moved them to Tipton's personal residence on Sinking Creek. Sevier at the time was on the frontiers of Greene County, devising means to defend encroaching white settlements against Cherokee attacks. Receiving word of Tipton's impudence, Sevier raised 150 men from Greene, Sevier, and Blount counties and marched to Tipton's house, arriving on the afternoon of February 27. Tipton had only about 45 men and women with him. Sevier surrounded the house, positioned his men between 200-300 yards from it, and demanded the unconditional surrender of everyone inside. Tipton said, "fire and be damned!" During the ensuing standoff Tipton managed to alert a small detachment of Washington County troops under the command of Captain Peter Parkinson. A small skirmish ensued, Parkinson's troops were forced to retreat, and in the confusion, Sevier's troops shot one of two women trying to escape the Tipton house. But the day ended without a single fatality.⁶⁹

The next day, two of Tipton's men eluded Sevier sentries and succeeded in raising the Sullivan County militia under the command of George Maxwell. Sevier received word of the militia's mobilization, but he remained confident in his position. He sent another flag to Tipton demanding surrender, which Tipton refused. The Sullivan County troops arrived on the morning of February 29, drove Sevier from the field, and captured his two sons. Four or five men suffered wounds, and two died later from injuries, including Pugh. Sevier sent a letter to Maxwell asking that his life be spared. Maxwell responded with an ultimatum—Sevier must turn himself in by March 11 and submit himself to the laws of North Carolina. Sevier also lost his friend Richard Caswell, who resigned from the governorship in April. The new governor,

⁶⁹ Haywood, *Civil and Political History of the State of Tennessee*, 190-191; Kevin T. Barksdale, *The Lost State of Franklin: America's First Secession* (Lexington: The University Press of Kentucky, 2009), 133-134.

Samuel Johnston, had no sympathy for the separatist movement. He immediately ordered Judge David Campbell to issue an arrest warrant for Sevier on charges of treason.⁷⁰

Events would soon turn Sevier's fortunes. General Joseph Martin reported to Governor Johnston in April that that he "expected nothing but a tiresome, bloody war with the Savages this Summer." Cherokee raids had continued during Franklin's tumultuous end. Onitositah had done his best to maintain peace, but he could not control the chiefs under him. In one incident, a chief named Nentooyah (Bloody Fellow) led a few warriors to avenge the deaths of relatives by taking fifteen scalps along the Dumplin Creek settlement, in addition to stealing many horses and destroying houses and crops. Even Scolacutta ambushed a surveyor party north of the Cumberland River. The surveyors escaped, but Scolacutta triumphantly smashed their compasses, known to the Cherokees as "land stealers." Both Indians and whites wanted war by 1788. Sevier did not bear the entire blame for the state of Indian relations. Conflict was inevitable given that everyone involved—from the fiercest Franklinite partisan to the most strident defender of North Carolina's sovereignty—took as given the necessity of western expansion and the consequent dismissal, violent or otherwise, of the Indians. But Martin was unwilling to act without specific authority from the state of North Carolina. Then in May an Indian known to the whites as Slim Tom led a small party of Cherokees to the residence of the Kirk family, who lived twelve miles south of present-day Knoxville. The Cherokees killed the family, eleven in all, except for the father and one son, who were away from home at the time. They subsequently returned and, finding their family dead on the ground, gave alarm to the

⁷⁰ Colonel John Tipton to General Joseph Martin, March 21, 1788, in Clark, *State Records of North Carolina*, 22: 692-693, McClung Collection; Barksdale, *Lost State of Franklin*, 134-136. Tipton would later release Sevier's sons, and no legal action was taken against them.

neighborhood. The militia assembled under John Sevier; the younger Kirk joined their number. They marched to several towns along the Hiwassee and Tennessee Rivers, killing many Cherokees and burning their towns. When the militia came upon the town of Chilhowee, its members invited Onitositah, Scolacutta, and a chief named Oskuah (Abraham) to a negotiation for peace. The chiefs and their sons gathered in a house, and one of the commanding officers conducted Kirk inside, whereupon he took vengeance with a tomahawk by splitting the skulls of everyone inside. Fourteen scalps were taken. Sevier perhaps knew of the plan, and he took no action against the murderers. So began his renewed ascendance. George Maxwell reported to Martin that the campaign “so raised him in the esteem of the people on the frontier, that the people began to flock to his standard.” Sevier returned from the campaign and was able to walk freely in Jonesborough, despite the outstanding arrest warrants. Tipton was able to arrest Sevier following an episode in which an intoxicated Sevier quarreled with two men and accidentally shot a bystander. Sevier was transported to North Carolina for trial, but two fellow officers from the Revolution secured his bail. No further action was taken against him.⁷¹

As a result of the assassinations of the chiefs, the Overhill Cherokees moved their capital from Chota to Ustanali, present-day Calhoun, Georgia. This new capital was east of the Chickamauga towns, and the Upper Cherokees reunited with the Chickamaugas under Tsi-yugunsini. Onitositah’s brothers, Chuquilatague (Doublehead) and Iyahuwagiatsutsa (Pumpkin Boy), found refuge here, and they would be a source of constant conflict as the western region

⁷¹ Joseph Martin to Governor Edmund Randolph, April 1788, in Palmer, *Calendar of Virginia State Papers*, 4: 432; Mark Armstrong to Governor Samuel Johnston, April 30, 1788, in Clark, *State Records of North Carolina*, 22: 693-694, McClung Collection; Haywood, *Civil and Political History of the State of Tennessee*, 194-195; Woodward, *The Cherokees*, 108-109; Barksdale, *Lost State of Franklin*, 114-115; Thomas Hutchings to Colonel Joseph Martin, July 11, 1788, in Clark, *State Records of North Carolina*, 22: 695-696, McClung Collection; “Oath of David Deaderick,” October 25, 1788, in Clark, *State Records of North Carolina*, 22: 699-701, McClung Collection.

moved toward statehood in the coming years. So would Kenneteag (Little Turkey), Onitositah's successor, and Kunoskeskie (John Watts), Onitositah's nephew.⁷²

Sevier's popularity increased even more with the failure of Martin to quell the frontier disturbances. Cherokee attacks continued through the summer. Martin finally felt compelled to raise the militia from the four western counties in the fall. He marched them to Lookout Mountain to conduct a campaign against the Chickamaugas living there, but his efforts ended in defeat. Martin thereafter became an object of derision among white settlers. His hesitancy to act during the summer had given credence to accusations that he was the Indians' friend, and the campaign he finally did pursue ended in humiliation. Martin would gradually fade to obscurity, attempting to regain influence in his role as Patrick Henry's agent. Indeed, he wrestled with his conflicting purposes to his own destruction. He had come west as Henry's agent, and a land speculator in his own right. He had engaged in bigamy to secure friendly relations with a clan of the Cherokee Indians, and at times he seemed to genuinely sympathize with Indians' plight. Yet he also worked closely with John Sevier in the Muscle Shoals speculation and, perhaps, the state of Franklin. He lacked the craftiness of Blount, and his complexities did not allow him to adopt the conviction of Sevier.⁷³

Hostility was not confined to the former Franklin counties. The Cumberland settlers had never joined the state of Franklin, but their desire for land was just as strong as any Franklinite. Cumberland settlements, now consisting of Sumner County in addition to Davidson County,

⁷² Woodward, *The Cherokees*, 109, 113.

⁷³ Haywood, *Civil and Political History of the State of Tennessee*, 201; George Maxwell to General Joseph Martin, July 9, 1788, in Clark, *State Records of North Carolina*, 22: 718, McClung Collection; "Proceedings," January 12, 1789, in Clark, *State Records of North Carolina*, 22: 722, McClung Collection; Patrick Henry to Joseph Martin, January 25, 1790, in Henry, *Patrick Henry*, 3: 410-411.

suffered attacks from the Creek and Cherokee Indians through the years 1786 and 1787. Then in May 1787, James Robertson's brother Mark was killed in an attack. Robertson immediately assembled 130 men and marched them to a town called Coldwater, near present-day Rogersville, Alabama, in which French merchants traded with Creek and Cherokee Indians. Two Chickasaws guided the militia to this location. Robertson's men encountered 10 Creeks and 35 Cherokees; they killed twenty of the Cherokees, captured five Frenchmen, and confiscated their goods. They later released the Frenchmen and sold their goods when they returned to Davidson County. A familiar pattern of reprisal and counter-reprisal continued for the next two years.⁷⁴

Robertson and most of Cumberland's leaders became immensely frustrated with North Carolina's lack of protection. Governor Caswell did send militia under the command of Thomas Evans during the fall of 1787, but Johnston was less accommodating. He merely instructed Robertson to cultivate friendly understanding. Indeed, he hoped to be rid of the western problem altogether by a cession of land, even as he managed the return of the Franklin separatists.⁷⁵

Frontier leaders at first engaged in diplomatic intrigues with the Spanish government in New Orleans in an effort to secure their habitations from Indian attacks and to establish economic wealth. Spain's acquisition of New Orleans from Great Britain following the

⁷⁴ James Robertson to Richard Caswell, July 2, 1787, in Clark, *State Records of North Carolina*, 20: 730-731, McClung Collection; James Robertson to Unknown Recipient, 1787, in James Robertson Papers, 1784-1814, Box 3, Folder 20, Microfilm, TSLA; Thomas Evans to Joseph Martin, March 16, 1788, in Draper, *Draper Manuscript Collection*, 2XX15, Microfilm, Hoskins Library; Haywood, *Civil and Political History of the State of Tennessee*, 230-235, 240-250.

⁷⁵ Colonels Anthony Bledsoe and James Robertson to Governor Richard Caswell, June 12, 1787, in Clark, *State Records of North Carolina*, 20: 721-722, McClung Collection; Major Thomas Evans to Governor Richard Caswell, November 10, 1787, in Clark, *State Records of North Carolina*, 20: 786, McClung Collection; Governor Samuel Johnston to Elijah Robertson and Governor Samuel Johnston to Colonels James Robertson and Anthony Bledsoe, January 4, 1788, in Clark, *State Records of North Carolina*, 21: 442-443, McClung Collection; Governor Samuel Johnston to James White, May 8, 1788, in Clark, *State Records of North Carolina*, 21: 469-470, McClung Collection.

American Revolution had given it the unenviable task of keeping an eye on the restless revolutionary victors. In an effort to control American migration to the West, Governor Estevan Miró closed the navigation of the Mississippi River, established diplomatic relations with the Creek, Chickasaw, and Choctaw Indians, and encouraged separatist movements among the American settlers. In 1784, Miró and Creek Chief Alexander McGillivray agreed to the Treaty of Pensacola, which recognized Creek vassalage to the Spanish and made McGillivray an emissary to the Spanish kingdom. Miró also established correspondence with James Robertson, Daniel Smith, and other Cumberland leaders through a North Carolina congressman named Dr. James White, who was himself a landowner in the Cumberland region. Miró promised them navigation of the Mississippi River and toleration of their religious practices. Robertson, as a state senator from Davidson County, convinced the North Carolina Assembly in 1788 to form a new district from the Cumberland counties and christen it “Mero District.” Even Sevier established his own personal correspondence with several Spanish officials in an attempt to revive the state of Franklin and the Muscle Shoals speculation.⁷⁶

Spain’s mutually exclusive goals forced these diplomatic relations to collapse under their own weight. Miró provided weapons and ammunition for McGillivray’s Creeks in their attacks

⁷⁶ Treaty of Pensacola, June 1, 1784, in John Walton Caughey, ed., *McGillivray of the Creeks* (1938; Norman: University of Oklahoma Press, 1959), 76-77; Estevan Miró to James Robertson, April 20, 1783, in James Robertson Papers, 1784-1814, Box 3, Folder 9, Microfilm, TSLA; James Robertson to Estevan Miró, January 29, 1789, in D. C. Corbitt and Roberta Corbitt, eds., “Papers from the Spanish Archive Relating to Tennessee and the Old Southwest, 1783-1800, January-March, 1789,” *ETHS Publications*, no. 19 (1947): 81; Estevan Miró to Daniel Smith, April 20, 1789, in Draper, *Draper Manuscript Collection*, 4XX51, Microfilm, Hoskins Library; Don Diego de Gardoqui to John Sevier, October 11, 1788, in Draper, *Draper Manuscript Collection*, 11DD82a, Microfilm, Hoskins Library; Folmsbee, et al., *Tennessee: A Short History*, 90-94; Abernethy, *Frontier to Plantation in Tennessee*, 96. In 1789 the North Carolina Assembly appointed Andrew Jackson the Attorney General of Mero District. See “Senate Journal, 1789,” in Clark, *State Records of North Carolina*, 21: 717, McClung Collection. For Jackson’s interest in opening the Mississippi River for trade, see Andrew Jackson to Daniel Smith, February 13, 1789, in Samuel B. Smith and Harriett Chappell Owsley, eds., *The Papers of Andrew Jackson*, vol. 1, 1770-1803 (Knoxville: The University of Tennessee Press, 1980), 16.

against the Cumberland settlements, but he had no desire to provoke a war with the United States. Inevitably, McGillivray became too aggressive and too demanding for Miró's clandestine operation, and McGillivray eventually turned to the British for support. The Cumberland leaders, for their part, understood Miró's diplomatic machinations and never seriously considered becoming vassals of the Spanish crown. As the Spanish captain general of Louisiana realized, the people of the United States possessed an insatiable "ambition to expand." He believed that "since its People are accustomed to overcome difficulties, there are none, however great, that seem to them insurmountable, as long as to the human forces there is added no other which by its nature restrains them." If Spain would not or could not court the westerners, "this power will become fearful." Such ambition was incompatible with Spain's vision of controlled commerce.⁷⁷

The security that western leaders sought came from the new Constitution of the United States. It was none other than William Blount who made the most of this opportunity to re-assert his influence amidst the disorder. While he served as one of North Carolina's representatives to the Confederation Congress, the state assembly elected him to serve at the Constitutional Convention, along with Hugh Williamson, Richard Dobbs Spaight, William R. Davie, and Alexander Martin. Blount, Williamson, and Spaight were the first among North Carolina's

⁷⁷ Estevan Miró to Arturo O'Neill, June 30, 1786, and Estevan Miró to Arturo O'Neill, March 1787, in Caughey, *McGillivray of the Creeks*, 117-118, 145-146; Elijah Robertson to Governor Richard Caswell, November 25, 1787, in Clark, *State Records of North Carolina*, 20: 787-788, McClung Collection; Daniel Smith to Estevan Miró, September 19, 1789, in Corbitt and Corbitt, "Papers from the Spanish Archive Relating to Tennessee and the Old Southwest, 1783-1800, August-December, 1789," *ETHS Publications*, no. 21 (1949): 93; Ezpeleta to Valdés, December 29, 1788, in Corbitt and Corbitt, "Papers from the Spanish Archive Relating to Tennessee and the Old Southwest, October-December, 1788," *ETHS Publications*, no. 18 (1946): 140. For an extensive collection of documents regarding Spain's activity in North America following the American Revolution, see Corbitt and Corbitt, "Papers from the Spanish Archive Relating to Tennessee and the Old Southwest, 1783-1800," *ETHS Publications*, no. 9-49 (1937-1977).

delegates to support the Constitution, citing the three-fifths clause, the fugitive slave clause, the requirement that all imposts be uniform, and the power to regulate commerce. Yet Blount himself was not warm in his support. He made no motions during the convention. His only request was that the signing of the Constitution reflect the unanimous assent of the states rather than of its individual members; he also asked that the signatures be confined to the letter accompanying the Constitution to Congress. Blount privately wrote to Caswell that “I must confess notwithstanding all I heard in favour of this System I am not in sentiment with my Colleagues for as I have before said I still think we shall ultimately ... be separated and distinct/Governments perfectly independent of each other.” Blount cared little for the form of the new national government because he believed that the transmontane region would eventually become its own country. But the new Constitution seemed to promise a stronger government whereby the tumultuous West could be quelled.⁷⁸

The ratification of the Constitution in North Carolina came with difficulty. The state was unique in that its citizens at first rejected the plan in convention at Hillsborough in the summer of 1788. The anti-Federalist leaders primarily were the same individuals who had opposed the cession of western lands and had opposed the state of Franklin. They successfully raised the specter of onerous taxes and aristocratic oppression, as they had regarding the cession act and its repeal in 1784. The division over the ratification question, however, reflected the divisions over the major political conflicts of the past decade in North Carolina. In general, those men who had first voted for the cession of western lands, who had supported the state of Franklin, or who had

⁷⁸ Max Farrand, ed., *The Records of the Federal Convention of 1787*, vol. 2 (New Haven: Yale University Press, 1911), 645; William Blount to Governor Richard Caswell, July 19, 1787, in Keith, *John Gray Blount Papers*, 1: 322-323.

borne the brunt of Indian campaigns supported the Constitution. At the first convention, the most prominent Federalists were Blount's brother John Gray, Archibald Maclaine, Thomas Alderson, Richard D. Spaight, John Sitgreaves, James Winchester, and Abner Neale. Those men who had taken a state-first approach to the cession of western lands, who had opposed the state of Franklin, or who had been less active in Indian campaigns opposed the Constitution. The most prominent anti-Federalists at the first convention were Willie Jones, Timothy Bloodworth, Joseph McDowell, Thomas Person, Alexander Mebane, William Lenoir, John Tipton, and Charles Robertson. Notably, Stockley Donelson joined this group in voting nay. The constitutional question was thus in part a continuation of speculator conflict over how western lands should be settled, and who should have the predominant influence over that settlement.⁷⁹

But the state-first politicians were fighting a losing battle. Even before the first convention met, Virginia had ratified the Constitution, making the formation of the new government a virtual certainty. The practical reality of the situation convinced many North Carolinians of the necessity of ratification. If the state remained outside the Union, it would become an isolated commonwealth, with a raucous western problem, and trade that would be subject to discrimination from the other states. The anti-Federalists also lost one of their strongest leaders in Jones, who switched sides given the political reality. North Carolina Federalists won the 1788 August elections for the North Carolina Assembly. In November, that body called for a second ratification convention. Their position strengthened during 1789, as the new government began to operate.⁸⁰

⁷⁹ Jonathan Elliott, ed., *The Debates in the Several State Conventions on the Adoption of the Federal Constitution* [...], 2nd ed., vol. 4 (Washington: Clerk's Office of the District Court of the District of Columbia, 1836), 250-251.

⁸⁰ Abernethy, *Frontier to Plantation in Tennessee*, 108-111.

Growing Federalist strength in the state assembly also dismissed any remaining tension regarding the State of Franklin. The 1788 assembly voted to pardon all inhabitants of the counties of Washington, Sullivan, Greene, and Hawkins. An amendment to the bill added by William Lenoir and Charles Johnson to exclude John Sevier failed. Those members who continued to fight for the cession of western lands, like William Blount and James Robertson, were also the ones who defeated this amendment. The next year, the indestructible Sevier appeared to take his seat in the assembly as a senator from Greene County. The assembly promptly absolved him of all past conduct and appointed him the Brigadier General of the Washington District, the position he had held before he became governor of the state of Franklin.⁸¹

Indeed, Blount associates across the transmontane counties became members of the state assembly and the second ratification convention. Former Franklinites, including Sevier himself, managed to defeat the Tiptonites in the county elections for the convention. In the Cumberland region, James Robertson and William Polk ensured victory for delegates friendly to the Constitution. One of them even convinced the voters of Tennessee County, recently split from Davidson County, to elect Blount as one of their representatives. Blount thus held a double representation, for he was also elected from Pitt County where he resided. As a result, all but one of the transmontane counties voted for the Constitution. The lone exception was Sullivan County, and even here the delegates were evenly divided; Joseph Martin and John Rhea voted yea, while William Nash and John Scott voted nay. A coalition of eastern conservatives,

⁸¹ "House Journal, 1787," in Clark, *State Records of North Carolina*, 20: 202, McClung Collection; "Senate Journal, 1788," in Clark, *State Records of North Carolina*, 20: 536, 554, McClung Collection; "Report on the Pardon Granted John Sevier," November 30, 1789, December 22, 1789, in Clark, *State Records of North Carolina*, 22: 728-729, McClung Collection.

pragmatic “radicals” like Willie Jones, and transmontane land dealers ratified the Constitution by as wide a margin as it had been rejected by in the first convention.⁸²

Although a great deal of political machination produced North Carolina’s ratification, transmontane support of the Constitution reflected more than clever deception by a handful of land speculators in convincing the majority of the people to vote against their economic interests. It is true that the transmontane delegates to the first convention almost wholly opposed the Constitution, but many things had changed during the year. Congress had taken a more conciliatory approach to western interests, appointing commissioners from North Carolina, South Carolina, and Georgia to make a new treaty with the Cherokee and Creek Indians. The new treaty would supersede the Treaty of Hopewell. Although nothing came of the effort, Congress’s intentions perhaps worked to the political benefit of the Federalists, in that the national government showed some concern with western interests. The proposed treaty coincided with Sevier’s successful Indian campaigns and Martin’s failed Lookout Mountain campaign. In January of 1789, a group of men from the former Franklin counties proposed a new committee of safety, similar to the one adopted by the Wataugans, arguing that Martin had become unworthy of their confidence and North Carolina had proven itself incapable or unwilling to defend its frontier. They called for adoption of the Constitution, and in the meantime they wanted Sevier as commander of the frontier inhabitants. By the summer, the inhabitants of the Cumberland region also felt insecure. James Robertson wrote to Daniel Smith that the people were very dispirited because of Creek attacks, and he believed that the settlements were in as much danger as they

⁸² “Journal of the Convention of North Carolina, 1789,” in Clark, *State Records of North Carolina*, 22: 36-49, McClung Collection; William Polk to John Gray Blount, July 27, 1789, in Keith, *John Gray Blount Papers*, 1: 494-495.

had faced in 1781. Transmontane inhabitants surely took these factors into consideration when choosing delegates for the second ratification convention, and the men they chose had been the most capable defenders of the settlements during the previous decade.⁸³

Entrance into the Union assured that North Carolina would cede its western lands to Congress. The first assembly that met under the new government passed a cession bill with insignificant opposition. Only Thomas Person and a handful of other land speculators opposed the measure as written. They introduced their own plan to grant independence to the transmontane people and establish a new land office for the sale of western lands by the state. But the majority of the assembly wanted nothing more to do with the West. Its members defeated Person's amendments, and they carried the cession bill. The terms of the cession were the same as those passed in the original cession of 1784. All claims previously recognized by the state remained valid; North Carolina would continue to honor the claims of continental soldiers; if the military reservation did not contain enough good land to satisfy the soldiers' warrants, then any other land within the ceded territory could be used for the same purpose; and the act recommended that a state or states be created out of the ceded territory in due time. The domain would henceforth be governed by the Northwest Ordinance of 1787, except in one particular—North Carolina's cession bill prohibited the abolishment of slavery without the consent of the people.⁸⁴

⁸³ Instructions to Commissioners for Negotiating Treaty with Southern Indians, October 26, 1787, William Blount to John Steele, January 17, 1789, and Andrew Pickens, John Steele, Henry Osborne to the Cherokees, June 7, 1789, in H. M. Wagstaff, ed., *The Papers of John Steele* (Raleigh: Edwards and Broughton Printing Company, 1924), 1: 19, 29-30, 50; George Maxwell to Brigadier General Joseph Martin, July 9, 1788, in Clark, *State Records of North Carolina*, 22: 718, McClung Collection; James Robertson to Brigadier General Daniel Smith, July 7, 1789, in Clark, *State Records of North Carolina*, 22: 790, McClung Collection.

⁸⁴ "House Journal, 1789," in Clark, *State Records of North Carolina*, 21: 257, 271, McClung Collection; "Sale of Lands Acquired by the Cession from North Carolina. Communicated to the Senate, May 9, 1800," in Walter

On February 25, 1790, North Carolina's senators in Congress, Samuel Johnston and Benjamin Hawkins, executed a deed of cession of North Carolina's transmontane lands to the United States. On April 2, 1790, Congress accepted the deed. The new territory was officially designated as the Territory of the United States of America South of the River Ohio. Its colloquial name became the Southwest Territory.⁸⁵

After almost a decade of intense political conflict and even petty civil war, North Carolina's transmontane people ended up in 1790 as they had in 1783. The foundational events that eventually led to the creation of the state of Tennessee represented in part a sordid tale of competitive land speculators attempting to shape western land expansion. Their greed led them to undertake fraudulent schemes in the acquisition of land warrants, as in the case of William Blount, or it led them to practice deception and violence against the Indians, as in the case of John Sevier. Yet the same materialistic spirit that encouraged such base activity was the origin of western expansion in the first place. Land speculators like Richard Henderson, William Blount, John Sevier, James Robertson, Evan Shelby, John Tipton, and Thomas Person all sought to establish themselves as a new economic elite. Their pursuits, however, did not preclude them from accommodating the general interests of the westerners who lived among them. The disputes over the cession act and the state of Franklin represented a commitment to what each individual believed was in the best interest as much as it represented their individual interests. Furthermore, the land speculators performed activities which only men of influence could accomplish. They organized settlement defenses, undertook military campaigns, constructed

Lowrie, ed., *American State Papers. Documents, Legislative and Executive, of the Congress of the United States* [...], Series 8: Public Lands, vol. 1, 1789-1809 (Washington: Duff Green, 1834), 97-99.

⁸⁵ Hamer, *Tennessee: A History*, 1: 150.

internal improvements, and stimulated trade. These developments, combined with a new territorial status and the promise of eventual statehood, gave settlers on Tennessee lands reason for optimism with respect to material improvement of their lives.

Chapter 2

Commercial Adventures

By the time of the Southwest Territory's creation, white settlers had all but secured preponderance of the Tennessee region. Washington District, consisting of the counties of Washington, Sullivan, Greene, and Hawkins, contained the bulk of the population. A few also lived in an unorganized area south of the French Broad and Holston Rivers. White men numbered 13,453, and white women numbered 12,647. Free black individuals totaled 293, a small number relative to the 2,314 black slaves who remained in bondage. Mero District, consisting of the counties of Davidson, Sumner, and Tennessee, had come far since the days of the Robertson expedition and the Donelson voyage. There lived in this district 3,095 white men, 2,718 white women, 68 free black individuals, and 1,161 black slaves. They braved (or were forced to brave) extreme isolation and the brunt of Indian attacks. This arrangement would change within two decades. As indicated by the higher proportion of slaves relative to population, West Tennessee was an attractive region for large-scale plantation agriculture, and Nashville's favorable location on the Cumberland River offered large trade potential. Competition between East Tennessee and West Tennessee would soon become a fixture of territorial and state politics. Inherent to all political aspirations was a fundamental belief in material improvement. Political leaders sought to integrate the Southwest Territory, subsequently the state of Tennessee, with regional, national, and international markets. Their constituents followed them, spurred by the promise of gain. Belief in prosperity for all was

rooted in a democratic experience. Political democracy had existed since the beginning of settlement west of the mountains, and it was enshrined in the constitution of the new state of Tennessee. Political democracy in turn was rooted in widespread land ownership among settlers. Most western settlers had reasonable expectations of acquiring land and getting ahead. The challenge they faced was placing prosperity on an enduring basis. They yearned for the capital to make permanent improvements. The capital was not forthcoming, not in the amounts desired. The state had little infrastructure and little money. Creating such bulwarks of a commercial society became Tennesseans' predominant focus for the next three decades.¹

The politics of improvement began with the Territory South of the River Ohio. Politics and profits entangled from the start. And where politics and profits entangled, William Blount was sure to be enmeshed. In 1789 three land companies—the South Carolina Yazoo Company, the Tennessee Yazoo Company, and the Virginia Yazoo Company—had purchased 16,000,000 acres of land for a pittance from the state of Georgia. Individual Georgia legislators received generous bribes for their commitment to cheap land. These purchases produced keen interest in the new territory, for it was contiguous with the Yazoo lands. Patrick Henry, head of the Virginia Company, was especially desirous that his agent Joseph Martin receive the governorship of the territory. Sevier, a proprietor of the Tennessee Company, frustrated the Virginians at every turn. He had an agent named Bennett Belue negotiating private leases with Cherokee tribes, which leases infringed on the Virginia Company's claims. He also produced damaging letters between Martin and McGillivray, making it appear as if Martin had become too

¹ For the population figures, see William Blount to Thomas Jefferson, September 19, 1791, in Clarence Edwin Carter, comp. and ed., *The Territorial Papers of the United States*, vol. 4, *The Territory South of the River Ohio, 1790-1796* (Washington: United States Government Printing Office, 1936), 34. For a description of early Nashville, see "Lewis Brantz's Memoranda of a Journey (1785)," in Williams, *Early Travels in the Tennessee Country*, 285.

close to Creek interests. Sevier's popularity seemed to guarantee him the position, but he was outmaneuvered by William Blount. Blount secured the support of several influential congressman, including John Steele, Timothy Bloodworth, and Hugh Williamson. Blount's strengths must have become apparent to President George Washington while considering these candidates. Blount, unlike Martin, was a native of the state that ceded the land and was not marred with Indian friendship, and he, unlike Sevier, had no apparent connection to Franklin separatism and was not marred by Indian massacre. Washington also probably knew Blount from their joint attendance at the constitutional convention. So Blount was chosen. Other top officials selected were Daniel Smith as territorial secretary, and Joseph Anderson, David Campbell, and John McNairy as territorial judges. The Senate confirmed their commissions on June 8, 1790. On February 22, 1791, Washington appointed Sevier and James Robertson brigadier generals of Washington District and Mero District, respectively.²

These officers exercised extensive power. The governor acted as the territory's commander-in-chief of the militia and as its chief executive. He appointed all militia officers except the generals, and he appointed all county officers. He also served as the Indian agent of the territory. The governor and the judges could adopt any laws enacted by any of the original

² C. Peter McGrath, *Yazoo: Law and Politics in the New Republic The Case of Fletcher v. Peck* (Providence: Brown University Press, 1966), 4-5; Joseph Martin to Patrick Henry, July 2, 1789, Joseph Martin to Patrick Henry, January 18, 1790, Patrick Henry to Joseph Martin, January 25, 1790, Patrick Henry to Richard Henry Lee, January 29, 1790, and Richard Henry Lee to Patrick Henry, June 10, 1790, in Henry, *Patrick Henry*, 3: 396-397, 407-409, 410-411, 412-413, 421; William Blount to John Steele, April 18, 1790, in Wagstaff, *Papers of John Steele*, 1: 57-58; Hugh Williamson to George Washington, May 28, 1790, Timothy Bloodworth to George Washington, June 5, 1790, in Carter, *Territorial Papers of the United States*, 4: 19-21; Masterson, *William Blount*, 175-177; "An Act for Disposing of Certain Vacant Lands on Territory Within this State," December 21, 1789, in Walter Lowrie and Matthew St. Clair Clarke, eds., *American State Papers. Documents, Legislative and Executive, of the Congress of the United States [...]*, Series 2: Indian Affairs, vol. 1, 1789-1814 (Washington: Gales and Seaton, 1832), 114; "Commission of Governor Blount," June 8, 1790, "Commission of Secretary Daniel Smith," June 8, 1790, and "Commission of Judge David Campbell," June 8, 1790, in Carter, *Territorial Papers of the United States*, 4: 24-25; Driver, *John Sevier*, 101, 109.

states, subject to a veto by Congress. The secretary was charged with keeping the records of the territorial government, and he would serve as governor in the event of the governor's death, removal, or temporary absence from the territory. The judges acted as a court with common law jurisdiction.³

Blount arrived in the territory on October 10, 1790, taking up residence in the private home of William Cobb, a resident of Washington County, until he could build his permanent mansion. He used his appointment power in a way that generally benefitted former Franklinites. For example, he refused to appoint Tipton colonel of Washington County because of his opposition to the cession of land to the federal government back in 1784. Blount instead appointed Landon Carter. Other former Franklinites were appointed to numerous county offices. Even so, Blount made a tour through the territory, and he was generally greeted with cordiality. He was not excessively petty, as he later worked to conciliate the Sevier-Tipton feud. He also kept a watchful eye on Sevier, who represented both a valuable ally and a potential political contender. For the moment, he told John Gray, "Sevier appears open, friendly and candid and so does Carter." Blount expanded his bureaucratic influence through the appointments of Andrew Jackson as the Attorney General for Mero District, William Cocke to the same position for Washington District, and John Overton, David Allison, and Jackson as attorneys in the courts of law and equity. He appointed as his private secretaries his half-brother Willie (pronounced as though it was spelled Wylie), and Hugh Lawson White, son of Colonel James White, a surveyor who lived on the future site of Knoxville. There is a strong possibility that White acted as a surveyor for Blount himself. Blount appointed William Tait and George M. Deaderick as

³ Hamer, *Tennessee: A History*, 1: 150.

government contractors to supply goods for the militia and the Indians, respectively. All of these men formed a powerful political coalition that would dominate government and business for two decades. Their patron Blount, so adept at pulling strings as a member of the North Carolina General Assembly, now held power through executive influence.⁴

Opportunities for the new territory seemed boundless with territorial status, at least to the speculators of the Blount group. Daniel Smith received a congratulatory letter from Benjamin Hawkins. Smith no doubt agreed with Hawkins when he advised Smith to “impress as early as possible on your Citizens the necessity of attending to their home manufactures, your relative situation with the commercial part of the United States is such that this is indispensable to your prosperity. You can raise fruit trees of all sorts grapes of all sorts for wine—salt Iron and clothing of cotton flax wool and silk.” For his part, Blount wrote to a friend that “my Western Lands had become so great an object to me that it had become absolutely necessary that I should go to the Western Country, to secure them and perhaps my Presence might have enhanced there [sic] Value.”⁵

More than personal gain was at stake. Territorial leaders hoped to create a society in which individuals could distinguish themselves in myriad ways. Such opportunities, as they believed, were inherent in civilization. In fact they juxtaposed this belief with descriptions of the lesser state of the various Indian peoples. Smith believed that the Cherokees continually

⁴ For the names of appointees, see “Journal of the Proceedings of Gov. Blount in the Territory South of the River Ohio, 1790-1796,” in Carter, *Territorial Papers of the United States*, 4: 432-442. For Blount’s later attempt to reconcile with Tipton, see William Blount to John Sevier, March 8, 1792, in Draper, *Draper Manuscript Collection*, 4XX27, Microfilm, Hoskins Library. For Blount’s more personal reflections, see William Blount to John Gray Blount, October 20, 1790, November 10, 1790, in Keith, *John Gray Blount Papers*, 2: 127, 136. See also Abernethy, *Frontier to Plantation in Tennessee*, 119.

⁵ Benjamin Hawkins to Secretary Daniel Smith, June 10, 1790, in Carter, *Territorial Papers of the United States*, 4: 26-27; William Blount to John Steele, July 10, 1790, in Wagstaff, *Papers of John Steele*, 1: 67-68.

perpetrated attacks for two reasons: “First, their mode of education. They know that not one of their nation can distinguish himself but by feats of war. 2nd To the influence of the Spaniards, who have lately made it their object to disunite them from us and attach them to themselves.” He concluded that “peace is not to be had without a war to convince them of the strength and dignity of our government.” Blount expressed similar sentiments. Of the Cherokees in particular he remarked that they still possessed 5-6 million acres of hunting ground, concluding that “this is an indulgence for which they ought to be thankful instead of complaining without a cause of encroachments.” Sevier for his part had no use for indulgences. He said that “By the law of nations, it is agreed that no people shall be entitled to more land than they can cultivate. Of course no people will sit and starve for want of land to work, when a neighbouring nation has much more than they can make use of.” There existed no doubts about this cause. Material aspirations in part drove the familiar and tragic pattern of treaties and abrogations that defined Indian affairs. Blount formed the first federally sanctioned treaties in the southwest, beginning with the Treaty of Holston in 1791, in which the Cherokees ceded the future site of Knoxville.⁶

Internal improvements, however rudimentary, eased trade difficulties. Blount’s appointees in the territorial government continued the practice of using county courts to sponsor internal improvements. Private citizens obtained licenses to operate public ferries and taverns. County courts also authorized the construction of saw mills and grist mills, and they oversaw the clearing of roads. The federal government constructed a road from Nashville to the Pierre River

⁶ Daniel Smith to Thomas Jefferson, October 27, 1792, in Carter, *Territorial Papers of the United States*, 4: 199; William Blount to Henry Knox, November 8, 1792, in Carter, *Territorial Papers of the United States*, 4: 210-212; William Blount to Henry Knox, January 14, 1793, in Carter, *Territorial Papers of the United States*, 4: 228-231; John Sevier to James Ore, April 27, 1798, May 12, 1798, in “Executive Journal of Governor John Sevier,” ed. Williams, *ETHS Publications*, no. 4 (1932): 151-152.

in the Mississippi Territory. Improvement of this kind decreased overland transportation costs. Most goods came to Knoxville and Nashville via Philadelphia and Baltimore. Travel was perilous and cumbersome. Teams of six horses each drew wagons with about four tons of goods per team. Tennessee merchants paid \$10 per 100 pounds for necessities and luxuries. Exports were likewise burdened with obstacles. Cotton, for example, often went to Baltimore at \$5 per 100 pounds. The possibilities of trade with New Orleans had yet to be fully realized, as that city would remain under Spanish rule, and then French rule, until the Louisiana Purchase in 1803.⁷

Trade eased life for the western settlers. Manufacturing and commerce provided outlets for agricultural produce. Farmers found a plethora of consumables that improved their standard of life. John Hague advertised his cotton manufactory in Manchester in the Mero District. He announced that “The subscriber has his machines in order for carding, spinning, and weaving; and is in want of a number of GOOD WEAVERS. The greatest encouragement will be given to such as are acquainted with the weaving of Velvets, Corduroys, and Calicoes.” More common were mercantile stores. John Sommerville and Company advertised its store along German Creek; they promised to sell goods for cash, and they promised that “the highest price will be allowed for good Linsey, seven hundred Linen, Bees-wax, Bearskins, Deerskins, Fur skins, of all kinds, Rye, Corn and Oats.” Nelson and Company established a similar store in Rogersville. They promised to purchase local produce and skins on the best terms, but they were more specific with the goods they sold—cloths, coatings, buff denim, cotton stockings, Calicoes, hats,

⁷ Tennessee Historical Records Survey, Knox County Court, *Minutes of the County Court of Knox County*, vol. 1, *Book No. "0," 1792-1795* (Nashville: The Tennessee Historical Records Survey, 1941), 138, 229, 267; Tennessee Historical Records Survey, Davidson County Court, *Minutes, 1783-1797*, vol. 2, *Book B, 1791-1797*, (Nashville: United States Work Projects Administration, 1941), 421-422, Hodges Library; J. Wooldridge, E. E. Hoss, and William B. Reese, *History of Nashville, Tennessee* [...] (Nashville: Barbee and Smith, 1890), 301.

powder, lead, flints, tea, coffee, bibles, saddles, bridles, knives and forks, needles, pewter, and playing cards. By 1793, Peter McNamee advertised a tanning yard on Second Creek in Knoxville. He would pay three pence for green hides and six pence for dry ones. In 1793, Titus Ogden advertised kettles, skillets, pots, Dutch ovens, and various castings for beef, cattle, corn, and bacon.⁸

One East Tennessee merchant named Thomas Amis kept up a brisk business in several ventures. Amis's debits and credits facilitated exchange in all sorts of goods and had since the days of Franklin. Whiskey remained the most popular drink in his tavern. The citizens of Hawkins County went to Amis for horse-shoeing, plough-mending, and ax-sharpening. Amis sold beef, corn, flour, meal, oats, bacon, and potatoes. Some account holders paid for their purchases in work. John Brooks, Daniel Jones, and Austin Richardson, for example, paid for their purchases of linen, corn, whiskey, and shoes in this way. William Austin paid in various iron castings for whiskey, flour, leather, screws, nails, and even schooling—Amis was proprietor of a school and employed a teacher named Samuel B. Hawkins. But Amis saw fastest growth among his saw mills. He recorded about 300 transactions involving planks that sold for 4 shillings (about \$0.66) per 100 feet. Amis additionally sold mill saws; William Hoard purchased a 16.5-pound saw “to be [paid] in same [number] of pounds of good steel.” John Hall found employment transporting, sawing, and selling lumber.⁹

Blount himself hoped to open an iron works. As soon as the security of the country improved, he meant to establish a company in Cumberland for that purpose. To Robertson he

⁸ *Knoxville Gazette*, November 19, 1791, December 17, 1791, January 14, 1792, April 20, 1793, June 15, 1793, Microfilm, McClung Collection.

⁹ Lucy Kennerly Gump., trans, *Amis Ledger D (1794-1801) Interpretive Transcription of an East Tennessee Business Record Book* (Johnson City: 1997), 18, 24, 37, 63-64, 72-73, 105, 54, 65, 97-98, Hodges Library.

said: “if you have any Bank of Iron Ore I advise you not to sell it unless you could sell to People of Capital enough to erect Works immediately and I presume none such can yet appear at Cumberland.” He estimated that a furnace and forge would need a \$10,000 investment, or perhaps more given the exposed nature of Mero District’s frontiers. It was not Blount, however, but Robertson who established the Cumberland Iron Works in present-day Dickson County.¹⁰

Attempts at improvement also encompassed education. In the territorial assembly’s August 1794 session, James White introduced a bill to establish a university in Greene County. The assembly passed the bill and appointed Hezekiah Balch, a Presbyterian minister, its president; Robert Henderson, Balch’s son-in-law, became secretary of the board of trustees. Balch and Henderson wrote a memorial to Congress asking for financial assistance for the college’s operation. They wrote that “many parents in this territory who on account of their circumstances are unable to send their children abroad for an Education; could supply what might be necessary to have them educated provided there was a Seminary near home.” William Cocke introduced a bill that established another college in Knoxville. The assembly gave it the name “Blount College.” David Allison sold Greek and Latin books to the academy from Philadelphia, and he offered to purchase whatever supplies the school might need. Something like common schools were available in some measure to educate younger children. Two travelers said that “English schools are to be found everywhere, and the youth learn, at least, to read and write and the fundamentals of figuring.”¹¹

¹⁰ William Blount to James Robertson, October 3, 1795, in Cross, “Correspondence of General James Robertson,” *The American Historical Magazine* 4, no. 1 (1899): 73; William Blount to James Robertson, February 26, 1795, in Cross, “Correspondence of General James Robertson,” *The American Historical Magazine* 4, no. 2 (1899): 174; William Blount to James Robertson, March 30, 1795, in Cross, “Correspondence of General James Robertson,” *The American Historical Magazine* 4, no. 2 (1899): 189.

¹¹ Territory of the United States South of the River Ohio Legislative Council, House of Representatives, *Journal of the Proceedings of the House of Representatives of the Territory of the United States, South of the River Ohio* [...],

Improvements faced one significant limitation. Cash was scarce in the Tennessee region, as it was in the West generally. Little money was to be had either as a medium of exchange or as a source of capital for permanent improvements. Thus did the mercantile establishments operate predominantly on barter and prospective investors like Blount face difficulties in establishing manufactures. The scarcity of money originated in part from the mercantile system itself. Steiner and DeSchweintz said that “whatever money is brought into the country by travellers gets into the hands of the traders who send it to the seaports for wares.” Some settlers grumbled at the merchants for this state of affairs, yet no one grumbled about the variety of goods available to them. Most settlers wanted internal improvements or manufactures to obviate the trade with Baltimore and Philadelphia. Steiner and DeSchweintz said that “the common judgment of people is that this region will never attain to real prosperity without manufactures, as it is too far away from a market.” Calls for autonomous prosperity grew more robust after the territory attained statehood.¹²

Belief in prosperity was rooted in a substantive democratic experience. Even though speculators had dominated western settlement, and even though merchants dominated trade, the Southwest Territory was soon to become one of the most liberal states in the Union. An overwhelming majority of territorial residents voted in favor of statehood, despite strong opposition from the Mero District. The voters here probably feared that they would have little political power in the new state, for their population was far smaller than that of Washington

session convened 1794 (1795; reprint, Nashville: McKennie and Brown, 1852), 8, 9, 16, 20, 21; “Memorial of Greeneville College,” March 1795, in Carter, *Territorial Papers of the United States*, 4: 393-394; David Allison to Daniel Smith, November 28, 1793, ed. W. R. Garrett and John M. Bass, *The American Historical Magazine* 5, no. 4 (1900): 297; “Report of the Journey of the Brethren Abraham Steiner and Frederick C. DeSchweintz to the Cherokees and the Cumberland Settlements,” in Williams, *Early Travels in the Tennessee Country*, 517.

¹² “Report of the Journey of the Brethren Abraham Steiner and Frederick C. DeSchweintz” in Williams, *Early Travels in the Tennessee Country*, 519.

District and Hamilton District to the east. The eastern districts thus carried the measure. Blount authorized each county to elect five persons on December 18 and 19, 1795, in order to attend a constitutional convention the following January. All free males 21 years of age and older qualified as electors.¹³

Tennessee's constitutional convention met on January 11, 1796. Several new counties had been added since 1790; representatives appeared from Washington, Greene, Sullivan, Hawkins, Sevier, Blount, Knox, Jefferson, Davidson, Tennessee, and Sumner. 55 delegates—5 from each county—appeared in total. Prominent members included Blount and James White from Knox County, Landon Carter and John Tipton from Washington County, Joseph McMinn and William Cocke from Hawkins County, and James Robertson and Andrew Jackson from Davidson County.¹⁴

What emerged from the convention was a remarkably liberal constitution. The delegates formulated an extensive bill of rights, including freedom of worship, freedom of assembly, and freedom of the press, the prohibition of religious tests to serve in office, a trial by jury, and a provision that stated “monopolies are contrary to the genius of a free state, and shall not be allowed.” The legislature would consist of two branches, whose members would be elected every two years and whose electors remained the same for each house. The only limitation was a ratio of one senator for every two representatives. Legislators were required to have a freehold of at least 200 acres of land and to be at least 21 years of age, while the governor needed a

¹³ “Census Schedule,” in Carter, *Territorial Papers of the United States*, 4: 404-405; Hamer, *Tennessee: A History*, 1: 170; “Proclamation by Governor Blount,” November 28, 1795, in Carter, *Territorial Papers of the United States*, 4: 407.

¹⁴ Tennessee Constitutional Convention, *Journal of the Proceedings of a Convention Began and Held at Knoxville, January 11, 1796* (1796; reprint, Nashville: McKennie and Brown, 1852), 3-4, TSLA.

freehold of at least 500 acres and to be at least 30 years of age. Their electors, however, benefitted from expansive manhood suffrage, the only limitation being that an elector needed to possess a freehold and to be at least 21 years of age. The people's wishes would, in theory, dominate, for the governor held no veto power and the assembly controlled the judicial system's organization and the appointment of justices of the peace for the county courts. The county courts, in turn, would elect the county officers. All men subject to militia duty could vote for their captains, subalterns, and field officers. Field officers would vote for their brigadier generals. Field officers and brigadier generals would vote for major generals.¹⁵

Constitutional liberality was never in question, only the degree of its liberality. For example, a close vote was held on a motion to allow all freeholders and all those liable for militia duty to be qualified as electors. 25 delegates, led by Alexander Outlaw, McMinn, and Tipton, voted for this measure. 28 delegates, led by Blount, Robertson, and White, defeated it. On the other hand a motion was made that stated "no person who publicly denies the being of a God, and a future state of rewards and punishments, or the divine authority of the old and new testament, shall hold any office in the civil department of this state." This was agreed to, but the convention struck out the words "divine authority" by a vote of 27-26. Those who voted to strike this phrase out, it can be assumed, would have been disqualified from office if it had remained. Blount, Robertson, Carter, and Jackson were among this group.¹⁶

¹⁵ "Constitution of the State of Tennessee, 1796," in Robert H. White, *Messages of the Governors of Tennessee*, vol. 1, 1796-1821 (Nashville: The Tennessee Historical Commission, 1952), 663-673; Hamer, *Tennessee: A History*, 1: 176).

¹⁶ For the debate over the qualifications for electors, see Tennessee Constitutional Convention, *Journal of the Proceedings of a Convention Began and Held at Knoxville, January 11, 1796*, 21-22. For the debate over the religious qualification, see the same document, pages 23-24.

Statehood came quickly. The first session of the Tennessee General Assembly formed on March 28, and John Sevier was certified as governor the next day. Sevier would serve three consecutive terms from 1796-1802, only relinquishing office because the state constitution prohibited governors from holding a fourth consecutive term. When he became eligible again, he served another three consecutive terms. His popularity and influence in early Tennessee were unmatched. The assembly elected Blount and Cocke as Tennessee's first senators. Tennesseans elected Andrew Jackson as Tennessee's lone representative in the United States House.¹⁷

Political democracy reflected the substantive status of Tennessee's citizens. Opportunity was not the provincial concern of the elite. Landownership lay within the reach of a sizable portion of the population. In East Tennessee, tax assessors from the counties of Washington, Greene, Knox, and Grainger recorded remarkably high rates of landownership. Washington County held the highest proportion of landowners. Out of 698 taxpayers recorded in 1790, 71% owned taxable acreage. This pattern did not change much during the next decade. In 1801, out of 834 taxpayers, 68% owned taxable acreage. During the decade, the number of landowners who possessed taxable acreage and paid a poll tax remained only a few percentage points below the total number of landowners. This meant that most landowners in the county actually resided on the land they owned, rather than acting as absentees. In Greene County in 1809, the numbers were comparable. Out of 1,201 taxpayers, 69% held taxable acreage. Those who additionally paid a poll tax, however, were notably fewer—46%. In Knox County in 1804, out of 847 taxpayers, approximately 62% held taxable acreage, while 51% also paid the poll tax. In

¹⁷ William Blount to Timothy Pickering, February 9, 1796, in Carter, *Territorial Papers of the United States*, 4: 419; William Blount to Timothy Pickering, March 29, 1796, in Carter, *Territorial Papers of the United States*, 4: 422; "An Act of the Admission of the State of Tennessee," June 1, 1796, in Carter, *Territorial Papers of the United States*, 4: 424; Hamer, *Tennessee: A History*, 1: 178-182.

Grainger County the percentage of landowners increased from 44% to 53% between 1799 and 1810, although those paying a poll tax remained stable at 35%. In other East Tennessee counties during the early part of the nineteenth century, landownership hovered between 40%-70%, while landowners who held taxable acreage and also paid a poll tax hovered between 27%-62%. These rates compared favorably with those in western Europe and were nearly identical to those in Ohio.¹⁸

Land ownership rates in West Tennessee were similar. In Wilson County in 1803, out of 467 total individuals, approximately 63% owned taxable acreage, while approximately 31% of these landowners also paid a poll tax. Of the remainder who owned no taxable acreage, 16% held other assets in the form of slaves, town lots, or retail stores. Four years later, a total of 1,057 individuals were recorded. Of them, 51% owned taxable acreage, while 34% also paid a poll tax. Of those who held no taxable acreage, 16% held other assets. In Rutherford County in 1809, approximately 50% of taxpayers owned taxable acreage, while approximately 33% of these landowners also paid a poll tax. Of those who held no taxable acreage, 25% held other assets.¹⁹

¹⁸ "Washington County Lists of Taxables, 1778-1801," in Mary Hardin McCown, Nancy E. Jones, and Inez E. Burns, comp., *Washington County, Tennessee Records* (Johnson City: Mary Hardin McCown and Inez E. Burns, 1964), 59-75, 228-247, Hodges Library; Goldene Fillers Burgner, comp., *Greene County Tennessee Tax Digests 1809-1817* (Easley, South Carolina: Southern Historical Press, 1986), 1-31, Hodges Library; *Knox County, Tennessee 1804 Tax List* (Arrow/Curtis Genealogical Publishing Company, 1977), Hodges Library; Pollyanna Creekmore, comp. and ed., *Grainger County, Tennessee Federal Census of 1810, Population Schedule (Third Census) and County Tax Lists for 1810* (Knoxville: Lawson McGhee Library, 1956), 24-45, Hodges Library. For landownership rates in other East Tennessee counties, and for a comparative analysis with landownership rates in western Europe and Ohio, see Lee Soltow, "Land Inequality on the Frontier: The Distribution of Land in East Tennessee at the Beginning of the Nineteenth Century," *Social Science History* 5, no. 3 (1981): 277-279.

¹⁹ Tennessee Historical Records Survey, Wilson County Court, *Minutes, 1803-1824*, vol. 1, 1803-1807, (Nashville: United States Works Progress Administration, 1936), 2-11, 176-197, Hodges Library; Tennessee Historical Records Survey, Rutherford County Court Clerk's Office, *Tax Lists 1809-1813, 1849*, vol. 1, 1809-1813 (Nashville: United States Works Progress Administration, 1939), 1-21, Hodges Library.

Looked at another way these numbers mean that, on average, 40% to 50% of the population still remained without land. But opportunity was not closed to them. A significant minority owned no land but probably hoped to do so through inheritance. In Wilson County in 1807, for example, approximately 25% of those individuals who owned no land shared surnames with someone who did. In Greene County, 46% likewise shared a surname with a landowner. In Knox County, 36% did so. A substantial portion of Tennesseans, therefore, owned land or lived with an expectation of gaining their independence.²⁰

Even residents without land and without family connections stood a chance. Land was cheap. A Frenchman traveling the frontier described emigrants living near Knoxville whose clothes were torn and whose children were barefoot—an uncommon sight in America. He nevertheless explained that “the riches of the inhabitants of the Western Country do not, however, consist in money; for I am well convinced that a tenth of them do not possess a single dollar: but each man lives on his own freehold, and the money arising from the sale of a horse or a few cows is always more than sufficient to procure him all those secondary articles, which come from English manufactories.” It was not all bluster when Blount, three years before he died, told John Gray that “it is certain that every Man who arrives here and determines to become a Citizen appears to feel and I believe does in reality feel and [sic] Independence and Consequence to which he was a Stranger in the Atlantic States.”²¹

²⁰ Tennessee Historical Records Survey, Wilson County Court, *Minutes*, 1: 176-197, Hodges Library; Burgner, *Greene County Tennessee Tax Digests*, 1-31, Hodges Library; *Knox County, Tennessee, 1804 Tax List*, Hodges Library.

²¹ F. A. Michaux, *Travels to the Westward of the Allegany Mountains, in the States of the Ohio, Kentucky, and Tennessee, in the Year 1802* (London: Richard Phillips, 1805), 90; William Blount to John Gray Blount, November 7, 1797, in William H. Masterson, ed., *The John Gray Blount Papers* (Raleigh: State Department of Archives and History, 1965), 3: 177.

Equality of land ownership would diminish somewhat over the next two decades. The origins of this development lay in the continued issuance of Revolutionary military land warrants by North Carolina for Tennessee lands, as established in North Carolina's cession to Congress in 1789. Disputes arose between North Carolina and Tennessee as a matter of course, as Tennessee wanted the power to issue land warrants within its own borders. The two states worked with the federal government in 1806 to create a compromise. The North Carolina warrants would still be honored, although Tennessee would now administer the warrants and subsequent grants. Tennessee also gained the power to grant lands in the following three districts of the state: the District South of French Broad and Holston Rivers, the Hiwassee District, and the Ocoee District. The Hiwassee District, a region in the southeastern portion of the state, was currently occupied by Cherokee Indians, but it would affect the state's banking system when the Cherokees agreed to a cession in 1819. As a final part of the compromise, Congress reserved to the United States all lands south and west of a line called the "Congressional Reservation." All the land between the Tennessee and Mississippi Rivers, plus a small region east of the Tennessee, came under federal authority.²²

Congress placed restrictions on Tennessee's power in the three districts that the state administered. Certain lands were to be reserved for the use of schools and academies. Occupant settlers could protect their land and improvements by purchasing claims at \$1.00 per acre. The remaining lands were to be sold at a minimum of \$2.00 per acre, the same price established by Congress for United States land offices. Tennessee devised a credit system that ostensibly enabled purchasers to meet this mandated minimum. The system worked tolerably well during

²² St. George Leakin Sioussat, "Some Phases of Tennessee Politics in the Jackson Period," *The American Historical Review* 14, no. 1 (1908): 51-52

prosperous times. When economic times worsened, as they did in 1819, the whole system collapsed. Petitions for relief usually came from the French Broad and Holston District.²³

These developments created a debtor-interest faction, but the debtors were not necessarily tenants in the grip of landlords. As early as 1799 several individuals living south of the French Broad River petitioned the state legislature, writing that “we your petitioners humbly Beg Leave to shew to your honorable body that the [situation] of our Country is such that it Contains a great quantity of pore Barren Land which we through Necessity have been forced to settle on and which in fact is not fit for Cultivation.” Some of these petitioners were perhaps squatters who had been pushed off their land by speculators. Others actually were speculators themselves. Of the 24 individuals who signed this petition, at least 9 had obtained grants for Tennessee lands. A petition in 1809 from residents of the same area asked for a law suspending executions of judgments against property for defaulters. These petitioners were not without means. They had heavily invested their means in cotton production, suffered from two seasons of bad harvest, and struggled to finance their ventures because of the scarcity of money.²⁴

Tennessee’s land grant system continued to use surveyors to mark bounds. The compromise of 1806 did not systematize state land into rectangular sections, as Congress had done with the Northwest Territory in 1787. Litigation over land claims resulted. Here too the advantage speculators held over squatters is muddled. Many cases brought before the county courts and the superior court involved plaintiffs seeking payments from delinquent debtors or

²³ Sioussat, “Some Phases of Tennessee Politics,” 53.

²⁴ Petition 34-2-1799-1, Tennessee Legislative Petitions, Microfilm, TSLA. The names on this petition which also appear in the land records are Henry Haggard, Robert Henderson, William Henderson, John Miller, Robert Moore, John Parker, Jesse Renfro, Isaac Thomas, and Joseph Wilson. See Griffey, *Earliest Tennessee Land Records*, 211, 227, 299, 302, 320, 339, 391, 420.

seeking to eject current occupiers of land claimed by the plaintiff. Thus some inhabitants of the District of Mero complained that “many of the Citizens of this state are deterred from Seeking [judgment] on account of the great cost attending [court disputes] and we assert that the Chiefeast in a Suit is the witnesses attendance.” They claimed that court costs “Generally falls on the party least [able] to pay instances where there is only one hundred Dollars in dispute.” On the other hand, one group of speculators thought the state laws too lax in regard to squatters. They sent a petition to the legislature complaining of the inability to certify titles purchased from delinquent taxpayers and of the difficulty of removing squatters under the current law. They wrote that “the Lands so sold for Taxes are held up as great Bargains and in fact a Purchaser [often] Loses his money, under the present Law and Circumstances for want of a mode pointed out to do Bussiness of that Kind, and a Number of those Claims so sold from their vagueness and the want of living Witnessess they Cannot be Established.” They asked that a “Law may be passed to authirise any Person that have become a purchaser or May hereafter become a purchaser to be at full liberty to remove the [whole] or apart whether the oldest or youngest Enterer or Granted.”²⁵

Speculators sued each other with at least as much fervor as they did squatters. Conflicting land titles born of murky surveys and duplicate warrants produced endless litigation. Take the cases of *Joseph Ore v. John Matlock* and, subsequently, *John Matlock v. Joseph Ore*. The origins of these two cases lay in the land law of 1783. In that year, two men named Francis Dyer and Thomas King, desiring to secure land for entry from the new land office, settled along the Holston River in Greene County, later Grainger County. Dyer and King made improvements

²⁵ Petition 16-1-1806-1, Tennessee Legislative Petitions, Microfilm, TSLA; Petition 9-1-1806-1, Tennessee Legislative Petitions, Microfilm, TSLA.

on the land by building cabins and clearing trees. They established a line between them to properly delineate their property claims. Both made entries into the land office and received grants. King received his grant for 300 acres in January 1792, but Dyer decided to sell his land to James Parkbery, who in turn sold the land to Joseph Ore. Four years later, King sold his tract to Matlock. Matlock asserted that Ore understood the original property boundaries as first established between Dyer and King. Matlock charged that, despite this understanding, “after your Orator had lived there sometime and made valuable improvements there on said Joseph pretended to have a title for more than one half of the said tract of three hundred acres which he purchased from said Thomas, and produced a feigned platt & Certificate of survey, and a Grant which he pretended had been issued thereon in the name of James Parberry also pretended that said James Parberry had made to him a Deed of conveyance for the land contained within the bound of said Grant.” Ore then brought an ejectment suit against Matlock in 1799 and won. Matlock countersued but lost. Ejectment cases like this one occurred with as much regularity between speculators as they did between speculators and squatters. Even John Overton found himself a defendant in at least one case (he was found not guilty). Given the confused state of the land business, it would have been virtually impossible for the court to determine with absolute certainty which party possessed the legitimate claim.²⁶

²⁶ *John Matlock vs. Joseph Ore*, in Tennessee Historical Records Survey, Knox County Superior Court, *Minute Book, 1793-1809*, vol. 2, *Book “B,” 1797-1804* (Nashville: United States Works Progress Administration, 1939), 283-291, Hodges Library; *Joseph Ore vs. John Matlock*, September 24, 1799, in Tennessee Historical Records Survey, Knox County Superior Court, *Minute Book, 1793-1809*, vol. 3, *1793-1809* (Nashville: United States Works Progress Administration, 1939), 135, Hodges Library; *John Den lessee of John Irwin vs. John Overton*, November 16, 1803, in Tennessee Historical Records Survey, Mero District Superior Court of Law and Equity, *Superior Court of Law and Equity, Pleas*, vol. 1, 1803-1805 (Nashville: United States Works Progress Administration, 1938), 56-57, Hodges Library.

The Superior Court and the county courts, on the whole, did the best they could in such circumstances. Ejectment cases often resulted in the plaintiff being awarded a writ of possession, but by no means did the court ignore the pleas of defendants. It was not uncommon for a jury appointed by the court to return a verdict of not guilty, or to remain deadlocked and thus produce a mistrial. Several defendants, for example, successfully defended themselves twice from the prosecution of Thomas Blount. The wealthy merchant George M. Deaderick also lost a case of ejectment. Cases in which the plaintiffs sought to collect a debt from the defendant almost always resulted in damages being awarded to the plaintiffs. These cases, however, again hardly demonstrated a universal tendency to wipe out the assets of a poor farmer. Moreover, plaintiffs who brought debt suits were themselves sometimes the defendants in other suits. All settlers shared a sense of turbulence and uncertainty.²⁷

Widespread land ownership produced general optimism. Tennesseans, like most Americans, extolled agriculture as an occupation. Yet their admiration for hardy farm life always pointed to commerce and manufactures as the benefits that would flow from agriculture. One editorial in *The Review* (Nashville) stated that “all wealth is derived from the produce of the earth and labor.” It proclaimed that “a wise government endeavor to attach as much riches to the

²⁷ *John Den lessee of Thomas Blount and Jackey His Wife and Thomas Edward Sumner vs. William Lytle, John Smith, Joseph Dean, William Nance, Bird Nance, Bradley Gambrell, John Gambrell, and James Morton*, November 18, 1803, May 16, 1804, in Tennessee Historical Records Survey, Mero District Superior Court, *Pleas, 1803-1805*, 1: 122, Hodges Library; *John Den lessee of George M. Deaderick and John Caffery vs. James Raygan*, in Tennessee Historical Records Survey, Mero District Superior Court of Law and Equity, *Superior Court of Law and Equity, Pleas*, vol. 2, 1805-1807 (Nashville: United States Works Progress Administration, 1939), 74-75, Hodges Library. For debt cases, see *Robert Weakley vs. Amos Balch*, January 13, 1796, in Tennessee Historical Records Survey, Davidson County Court, *Minutes*, 2: 367, Hodges Library, and *William Lenoir vs. Zebulon Beard*, June 27, 1804, in Tennessee Historical Records Survey, Wilson County Court, *Minutes*, 1: 27, Hodges Library. For an interpretation that complements my argument, see Anita Shafer Goodstein, *Nashville 1780-1860: From Frontier to City* (Gainesville: University of Florida Press, 1989), 12-13. For a more critical interpretation of the court system, see Kristofer Ray, *Middle Tennessee 1775-1825: Progress and Popular Democracy on the Southwestern Frontier* (Knoxville: The University of Tennessee Press, 2007), 96-97.

soil as possible.” Then internal improvements, commerce, and manufactures would flourish. The *Knoxville Register* printed an editorial from the *National Register* entitled “Superiority of Agriculture.” The writer asserted that “in a moral and political point of view ... the superiority of agriculture over all other occupations must be readily acknowledged, and the happiness, the wealth, and the freedom of a nation will never be lost while husbandry forms its principal support and dependence.” But other economic activities had their place. “We conceive every class productive which adds to the national wealth by contributing to the increase of individual riches. The facilities which the mercantile class affords to the agricultural, by taking away their surplus produce and giving them in exchange that which will enable them to enlarge their territorial boundaries, add to their cultivation, and purchase machinery, may be considered equally conducive to national wealth.” John Rhea, while serving as a representative in Congress, affirmed this commitment to diversified endeavors: “Agriculture and commerce mutually assist each other; agriculture supports commerce, commerce gives vigor to agriculture. Agricultural industry confined to the necessities of life only would be languid and feeble.”²⁸

Diversified improvement became the focus of Tennessee’s leadership. In one of his first messages to the General Assembly, Sevier encouraged its members to provide funding for a wagon road over the mountains, connecting South Carolina and North Carolina with Greene County, Tennessee. The assembly obliged by granting Charles Robinson of Greene County the right to clear a road to enable a wagon with four horses and 1,500 pounds to pass. Many investors subscribed funds after the state could not provide an appropriation. Sevier noted “the

²⁸ *The Review* (Nashville), November 24, 1809, Microfilm, McClung Collection; *Knoxville Register*, November 23, 1816, Microfilm, McClung Collection; John Rhea to His Constituents, April 8, 1806, in Cross, “Correspondence of General James Robertson,” *The American Historical Magazine* 5, no. 2 (1900): 177.

great tendency it will have to induce emigrants into the State, besides opening an eaisy and ready communication with the sea ports and trading towns in the neighbouring States, wherein many of the productions of the Country can be transported to market with convenience.”²⁹

Blount formed a company with several land speculators called the “Cumberland Association.” The company hired a surveyor named Moses Fisk to lay out certain West Tennessee lands. Blount instructed Fisk: “You are to sell to actual settlers only, and not exceeding six thousand four hundred acres until further orders, at not less than one dollar an acre.” Fisk could accept interest payments on short terms. Execution of a deed would occur when the first installment was paid and when the occupant mortgaged the land for security of the remaining payments. Fisk could also form townships, pay taxes, and contract for the building of grist mills, saw mills, roads, and schoolhouses.³⁰

One of the most audacious efforts involved a renewal of the Muscle Shoals speculation. In 1797 the state of Georgia, having rescinded the original sale because of popular discontent, again sold its Yazoo lands to several companies, one of which was Sevier’s Tennessee Yazoo Company. One of Sevier’s associates named Zachariah Cox directed the company’s affairs and secured the purchase from Georgia. Sevier in turn purchased titles from the company on April 27, September 2, and September 4 for 10,000, 20,000, and 20,000 acres, respectively. The company’s reservation to his title indicated Sevier’s shrewd choice of location, as well as the company’s intentions: “reserving the right of passing such canals, as shall facilitate the

²⁹ John Sevier to the General Assembly, April 1, 1796, John Sevier to Arnoldus Vanderhorst, June 7, 1796, and John Sevier to the General Assembly, August 2, 1796, in “Executive Journal of Governor John Sevier,” ed. Williams, *ETHS Publications*, no. 1 (1929): 101, 109-110, 117; John Sevier to the General Assembly, October 4, 1797, “Executive Journal of Governor John Sevier,” ed. Williams, *ETHS Publications*, no. 3 (1931): 155.

³⁰ The Cumberland Association to Moses Fisk, August 17, 1796, in William Blount Papers, 1783-1823, Microfilm, TSLA.

intercourse between the Tennessee, and those rivers, falling into the Tombigbee, or Mobile bay.”

If a canal connected the Tennessee River with the Tombigbee River, thus giving Tennessee direct access to the port of Mobile, the cumbersome overland routes to Baltimore, or the insecure and circuitous route to New Orleans, would be negated.³¹

Most Tennesseans accepted these activities. Private ventures of Blount, Sevier, and other speculators blended with public desires for land and development. It is true that Tennesseans probably did not understand the depth of unsavory activities involved in the Yazoo purchase, including bribery of Georgia state legislators. But private speculations were common knowledge. Cox, for example, placed an advertisement in the *Knoxville Gazette* informing old warrant holders of Blount’s Bend of the Tennessee Company that they could receive special deeds of conveyance.³²

The first political test Sevier faced while in office showed the similitude of private-public interests. This episode involved a dispute with the federal government and the Cherokees over the boundary lines of the Treaty of Holston. While he was territorial governor, Blount had failed (or shrewdly neglected) to run the treaty’s boundaries. Such failure prompted the federal government to run the line in July 1797, and many whites living south of the French Broad and Holston Rivers were found on the Cherokee’s side. Tennesseans balked at this attempt to check their expansion. The state legislature sent a remonstrance to Congress in protest. Sevier spent much of the next year convincing the federal government that the boundary should be extended

³¹ “An Act Supplementary to an Act [...],” in Lowrie, *American State Papers*, Series 8: Public Lands, 1: 141; “Evidences of Title Derived from the State of Georgia, Communicated to the House of Representatives, February 14, 1805,” in Lowrie, *American State Papers*, Series 8: Public Lands, 1: 226.

³² *Knoxville Gazette*, May 8, 1797, Microfilm, McClung Collection; John Sevier to James McHenry, September 18, 1798, in “Executive Journal of Governor John Sevier,” ed. Williams, *ETHS Publications*, no. 5 (1933): 165-166; John Sevier to Thomas Butler, March 13, 1799, “Executive Journal of Governor John Sevier,” ed. Williams, *ETHS Publications*, no. 5 (1933): 174.

via treaty, which was subsequently done. He also entertained hopes that the crisis would in the end secure settlement of the Muscle Shoals region. He wrote to the state's congressional members that "the prevention of a settlement at or near the Muscle Shoals is a manifest injury done the whole western country; and, as long as it is the case, we should be debared from the navigation which, by way of Moabille, is perhaps an outlet to commerce equal if not superior to any in the United States." He extolled "the great scale of western commerce, that must ere long be equal if not greatly superior to any in all America, may I not say in the whole world!" He concluded, echoing the thoughts of many Tennesseans, by asking "will the American Congress cramp and refuse to the Western Americans the great natural advantages Providence has designated for, and placed before them?" The actual results of the treaty were less grand. It did secure the disputed territory for whites, but the Muscle Shoals venture again withered.³³

Whatever the fate of his private ventures, Sevier continued to urge the legislature to support internal improvements. He said, "I now proceed to enjoin on you the great necessity of promoting and encouraging manufactories, the establishing of warehouses and inspections of various kinds. It will give a spring to industry, and enable the agricultural part of the community to export and dispose of all the surplus part of their bulky and heavy articles." He envisioned a burgeoning state whose growth would be rooted in the agricultural staples of wheat, hemp,

³³ Merritt B. Pound, *Benjamin Hawkins, Indian Agent* (Athens: The University of Georgia Press, 1951), 99-100, 118; John Sevier to William Blount and William Cocke, June 6, 1797, "Executive Journal of Governor John Sevier," ed. Williams, *ETHS Publications*, no. 2 (1930): 135; John Sevier to Andrew Jackson, Joseph Anderson, and William C. C. Claiborne, November 26, 1797, in "Executive Journal of Governor John Sevier," ed. Williams, *ETHS Publications*, no. 3 (1931): 160-161. Sevier's personal interest in this matter is manifest in George Elholm to John Sevier, August 9, 1798, in Draper, *Draper Manuscript Collection*, 11DD139, Microfilm, Hoskins Library. See also White, *Messages of the Governors*, 1: 53-70.

cotton, and tobacco and whose commerce would expand prosperity and develop manufacturing in ores and minerals. Legislative patronage could assist these efforts.³⁴

Influential merchants also attempted to prod the legislature into action. One group, led by Sevier's associate James Ore, lamented "the great sum of Money expended for the Importation of Goods Wars and Merchandize from foreign Nations by Land carriage into this State." Their remedy was Sevier's long-cherished canal between the Muscle Shoals and the Tombigbee River. They asked the state government to petition Congress to make appropriate treaties with the Cherokees and Creeks, construct roads, and establish a military post at the anticipated trading town near the Muscle Shoals canal. Merchants in Nashville asked for government support of a new cotton manufactory. Andrew Jackson, James Robertson, and several other petitioners suggested "the expediency of granting a Bounty of five hundred dollars to the first Cotton Manufactory that shall be erected in two years in this District." The lack of infrastructure proved so troublesome that many Tennesseans left the state and settled in Natchez along the Mississippi River, thereby easing access to the market. The problem was so bad that the editor of the *Tennessee Gazette* encouraged Nashville's residents to stay.³⁵

Little help came from the state legislature because it was chronically short of money. Construction of county and interstate roads continued to be the favored political method to support commerce. These roads were primitive, often nothing more than paths cleared of trees and underbrush, but they were enough to support wagons carrying goods to market. A road from

³⁴ John Sevier to the General Assembly, September 19, 1799, in "Executive Journal of Governor John Sevier," ed. Williams, *ETHS Publications*, no. 6 (1934): 105; John Sevier to James McHenry, May 4, 1798, "Executive Journal of Governor John Sevier," ed. Williams, *ETHS Publications*, no. 4 (1932): 148.

³⁵ Petition 25-1-1799-1a, Tennessee Legislative Petitions, Microfilm, TSLA; Petition 6-1-1801-1, Tennessee Legislative Petitions, Microfilm, TSLA; *Tennessee Gazette* (Nashville), February 18, July 29, 1803, Microfilm, McClung Collection.

Tellico Blockhouse to Georgia was completed in 1805. Other roads connected Tennessee to North Carolina through Greene County and Nashville to the Mississippi Territory. Often the individuals who cleared roads found it necessary to personally finance the venture and then seek reimbursement from the legislature. Such was the case of Isaac Baker and Thomas Wilson, who had expended \$500 to clear a road in Greene County over Paint Rock Mountain. Their petition, supported by Andrew Jackson, John Tipton, and John Sevier, asserted that “before they effected said improvement loaded wagons could not pass over the Paint Mountain; whereas at present, wagons laden with 2500 pounds daily pass and repays with facility.” Counties not situated along reliable waterways or not endowed with willing investors languished. Petitioners from Carter County asked that the legislature attend to their isolated situation via the construction of a wagon road. They lived along the rarely navigable Watauga River, and the perilous mountains to the east made land carriage cumbersome and expensive. They lamented that they “must thereby be subjected to the deprivation of many of the comforts and conveniences of life, which they might otherwise enjoy.”³⁶

Legislators gave some support to cotton manufacturing, though hardly the support the petitioners sought. The legislature enacted a contract with Eli Whitney to pay patent fees for the use of the cotton gin in their state. The fees were funded via a tax on cotton gin owners. Thus manufacturers could use a productive invention for a price, while they did not receive the

³⁶ John Sevier to Thomas P. Carnes, September 10, 1800, “Executive Journal of Governor John Sevier,” ed. Williams, *ETHS Publications*, no. 6 (1934): 116-117; John Sevier to William Lillard, January 17, 1805, February 18, 1805, “Executive Journal of Governor John Sevier,” ed. Williams, *ETHS Publications*, no. 7 (1935): 148; Petition 2-1-1801-1, Tennessee Legislative Petitions, Microfilm, TSLA; Petition 25-1-1803-1, Tennessee Legislative Petitions, Microfilm, TSLA; Petition 2-2-1806-3, Tennessee Legislative Petitions, Microfilm, TSLA.

subsidies to encourage their business. Gin owners would later complain of this tax because of the scarcity of money in the state.³⁷

Individuals and partnerships attempted to rectify the effects of governmental penury. Merchants proliferated at the turn of the century to supply the needs and wants of the expanding state. Two travelers found Knoxville a place of intense mercantile competition. Another said of Nashville that “the inhabitants (like all those in the new settled towns) are chiefly concerned in some way of business: a storekeeper is the general denomination of such persons.” The barter economy still characterized business. Merchants usually formed small partnerships that bought goods from Philadelphia or Baltimore, sold them to Tennessee customers, and took in payment the agricultural produce of their customers. William Tait and William Stothart, for example, operated a store in Nashville in which they sold goods for cash or cotton. A few merchants attempted to meet the unmet demand for money. George M. Deaderick and Anthony Foster advertised that “the subscribers reflecting with regret on the present mode of carrying on the business of Merchandize in this District, by which both the individuals and state are deprived of the necessary circulating medium of cash ... have entered into co-partnership, the object of which is, to procure a large and general assortment of Merchandize, which they propose vending in the town of Nashville, for Cotton, Hemp, Tobacco, and Flour, for which the highest prices will be given.” Andrew Jackson entered the mercantile trade with John Hutchings and John Coffee. Their business suffered from the vicissitudes of the market and competition, however, and ended

³⁷ John Sevier to the Treasurers of the Districts of East and West Tennessee, June 15, 1807, in “Executive Journal of Governor John Sevier,” ed. Williams, *ETHS Publications*, no. 7 (1935):153-154; Petition 17-2-1806-1, Tennessee Legislative Petitions, Microfilm, TSLA. Little money was to be had from the state treasury for subsidies. See John Sevier to James Robertson, May 20, 1808, in Cross, “Correspondence of General James Robertson,” *The American Historical Magazine* 5, no. 3 (1900): 255.

in 1807. Approximately 20 mercantile firms operated in Davidson County alone during the early 1800s.³⁸

These efforts, if not spectacular, proved generally beneficial. Town residents, especially in the primary ones of Nashville and Knoxville, directly enjoyed the benefits of commerce. The merchants who quickened trade and the land speculators who made settlement attractive contributed to the growth of other economic ventures in the towns. In Nashville, advertisements appeared for boot and shoe makers, iron works, a cotton spinning establishment, a tailoring business, and a blacksmith. In Knoxville, blacksmiths, gold and silversmiths, cabinet makers, shoe makers, tailors, and clock and watch makers found employment. Some of them, like the merchants, promised to take agricultural products like corn, flour, cotton, or pork in payment. Many of these businesses wanted permanent journeymen or apprentices. Willie Barrow advertised to hire a young man for 12-15 months who could hew and saw flat-bottomed boats. William Carroll, a future governor, announced the opening of a nail factory and advertised ploughs, axes, shingles, window glass, shoes, and tin wares. A shoemaker named William Heath advertised a need for two apprentices. A blacksmith named Samuel Andrew advertised for a journeyman who needed constant employment and good wages.³⁹

³⁸ "Report of the Journey of the Brethren Abraham Steiner and Frederick C. DeSchweintz," in Williams, *Early Travels in the Tennessee Country*, 455; "Francis Baily's Tour (1797)," in Williams, *Early Travels in the Tennessee Country*, 413; *Tennessee Gazette* (Nashville), January 14, 1801, May 20, 1801, Microfilm, McClung Collection. For Jackson's business activities and troubles, see Andrew Jackson to John Coffee, May 3, 1804, William Stothart to Andrew Jackson, July 15, 1804, Andrew Jackson to Thomas and John Clifford, July 24, 1804, Andrew Jackson to Edward Ward, June 10, 1805, and George Bullitt to Andrew Jackson and John Hutchings, July 13, 1808, in Harold D. Moser and Sharon Macpherson, eds., *The Papers of Andrew Jackson*, vol. 2, 1804-1813 (Knoxville: The University of Tennessee Press, 1984), 21, 25-26, 28, 59-60, 198.

³⁹ *Tennessee Gazette* (Nashville), May 26, 1802, Microfilm, McClung Collection; *Tennessee Gazette and Mero-District Advertiser* (Nashville), February 29, 1804, October 24, 1804, November 15, 1806, March 7, 1807, Microfilm, McClung Collection; *Wilson's Knoxville Gazette*, May 25, 1808, October 14, 1809, March 10, 1810, July 21, 1810, May 6, 1811, September 30, 1811, November 4, 1811, Microfilm, McClung Collection; *The Review* (Nashville), November 10, 1809, June 8, 1810, Microfilm, McClung Collection; *Wilson's Knoxville Gazette*, September 28, 1808, March 10, 1810, Microfilm, McClung Collection.

Commerce extended beyond the commercial centers. Speculators often initiated this process, enticed by the verdant opportunities of the wilderness. For example, the first permanent settlements along the Elk River in southern Tennessee appeared in 1806 and 1807. The counties of Giles and Maury were later created here. Virtually all the first arrivals brought slaves with them and used them to accelerate economic development. James McCallum, a resident of Giles County during this time, remembered that one man “sent his hands out from Davidson County, improved the place and made a crop, but did not move out his family until the latter part of the year [1809].” This pattern was followed by most adventurers moving from West Tennessee or East Tennessee. All early settlers raised corn at first, but the use of slaves was a boon to cotton production. By 1811, John Laird was able to invest in a mill, a store, a young clerk, and a cotton gin. Merchants, physicians, taverns, and tan yards grew in number.⁴⁰

McCallum remembered a quick transformation from frontier subsistence to a more specialized economy based on cotton. The speculators, the merchants, and the improvers provided tangible benefits to the community around them. Merchants built flat-bottomed boats at Pulaski to ship surplus produce down Richland Creek to the Elk River, thence to the Tennessee River, thence to the Mississippi River, and thence to New Orleans. Shipping goods in this way took about six weeks. Boat hands earned \$50 for making the trip and received their wages at New Orleans. Before the advent of steamships, most of the boat hands walked home. McCallum recalled that “Many young men who had never been out of the county availed themselves of this opportunity to see ‘the world.’ The marvelous stories they told on their return

⁴⁰ James McCallum, *A Brief Sketch of the Settlement and Early History of Giles County Tennessee* (1876; reprint, *The Pulaski Citizen*, 1923), 22-24, 26-27, 32-33.

were listened to by the boys with as much interest as if they had made a tour to the Holy Land.” Many sought opportunities to escape isolation and broaden perspectives.⁴¹

All wished to participate in the market economy. How to better integrate with that economy remained the question. Several editorials posed solutions for the scarcity of money and lack of infrastructure. Some berated their fellow citizens for not adopting industrious habits. “A” in the *Tennessee Gazette* argued that “it is our own industry and perseverance that must produce an order of things that will rescue us from contempt.” He said that “money is scarce *every body* cries, yet *no body* pursues the practical means of acquiring it.” Tennesseans needed to develop surplus commodities, especially cotton, that could support an export market.⁴²

“Cato” more tactfully, and probably more accurately, pointed to the disadvantageous geographic locations of the western settlers, including Tennesseans. The commercial potential of the West was hampered by a diffuse population, distance from sea ports, and limited access to the New Orleans market. Cato argued that “an effort ought to be made to condense [the population], that the farmers may be enabled to bear the burden of making better roads and improving the navigation, which is too great an expense for scattered population to bear.” This could be done by encouraging domestic manufactures, albeit manufactures which remained a “family affair, unlike the factory system in England.” Cato believed that cotton would best support both agriculture and manufactures. Such mutually beneficial trade could support investment in internal improvements.⁴³

⁴¹ McCallum, *Settlement and Early History of Giles County*, 73.

⁴² *Tennessee Gazette* (Nashville), February 18, 1801, Microfilm, McClung Collection.

⁴³ *Tennessee Gazette* (Nashville), July 29, 1801, Microfilm, McClung Collection.

Some editorials expressed ambivalence about commerce. Celebrating the Louisiana Purchase, “Aristides” said that the new territory would provide America with a boundless capital. He said that “upon the profits of such a boundless commerce, the life of man will enjoy all its comforts of whatever is ornamental or necessary, through the generations of the most remote periods of time.” Yet in subsequent numbers he criticized farmers for being too indolent to produce their own clothes. Rather, he said, “the agricultural class, in general, has consumed almost every thing they have made, and besides this run in debt for foreign articles of consumption.” The mercantile class, for their part, had done nothing to open markets or enrich the country.⁴⁴

Another editorial written by “A Farmer,” appearing first in the *Democratic Clarion and Tennessee Gazette* (Nashville) and later in *Wilson’s Knoxville Gazette* and *The Review*, outlined a system whereby the state would become the public carrier of the surplus produce of its citizens. The legislature would provide two places of deposit, one at Nashville and one at New Orleans, and two agents, one at each city. The Nashville agent would receive merchantable produce and grant the growers a receipt. The New Orleans agent would sell on the world market, send an account to Nashville, and pay to each farmer the return of his produce. Storage, freight, and commission fees would provide profits for the state’s treasury. “A Farmer” presented this system as an alternative to private merchants because “it does not comport with the interest and policy of the merchants of Tennessee to be the carriers of farmers produce; because they trade directly with Philadelphia, which is a distance of sixteen hundred miles diametrically the opposite course from New Orleans, to which our produce is obliged to go.” Such a system

⁴⁴ *Tennessee Gazette and Mero District Advertiser* (Nashville), September 28, October 5, October 12, October 26, November 2, December 7, 1803, Microfilm, McClung Collection.

would strengthen commerce and provide exchanges for the betterment of life. “A Farmer” rhetorically asked “would not money which has always been scarce in this country, and which has never found its way here (except by emigrants) soon become plenty among us?” Improvement, he concluded, would “enable us to buy land, settle our families, to build houses better than our present miserable huts, and to educate our rising offspring.”⁴⁵

Growing tension with Great Britain strengthened the call for a diversified market. “A Friend to Internal Improvement” said that “to be independent, to be happy, to be great, we must rely upon ourselves ... American manufactures, internal commerce, inland navigation, must be resorted to as a substitute for that portion of external trade which is snatched from us by the tyrant of the ocean.” Thus a canal between the Hiwassee River in Tennessee and the Coosa River in Alabama would make possible an outlet to the Gulf of Mexico. “Argus” argued likewise that trade with Britain should be avoided. He said, “British Goods will become scarce, our citizens will learn to consume less of them, and be thus led to look for a supply from their own industry.”⁴⁶

Tennesseans, as they changed from territorial residents to state citizens, held vibrant hope for the future. Liberal suffrage and widespread property ownership bolstered an optimistic outlook. This optimism supported a mercantile trade that supplied the needs and wants of isolated communities. It also enabled individuals to seek opportunities. Anxieties existed too, particularly as related to establishing more secure channels for commerce and better means for manufactures. Internal improvements aided these efforts, though the scarcity of money limited

⁴⁵ *Wilson's Knoxville Gazette*, May 19, May 26, June 2, June 9, June 16, July 7, 1810, Microfilm, McClung Collection; *The Review* (Nashville), June 1, June 8, July 6, June 29, August 10, August 17, August 24, August 31, October 5, October 12, October 26, 1810, Microfilm, McClung Collection.

⁴⁶ *Wilson's Knoxville Gazette*, September 23, 1809, April 15, 1811, Microfilm, McClung Collection.

their effectiveness. Tennesseans thus sought ways to detach themselves from eastern trade, which they believed drained them of the money necessary for more enduring prosperity. Proposals abounded on how to achieve this goal. It happened that Tennessee democracy turned to banks.

Chapter 3

Origins of the Bank War in Tennessee¹

Banking in Tennessee began under the guardianship of the select group of speculators and merchants that had dominated western settlement and state politics. They soon found that their control could not last. William Blount's political machine, formed by him as territorial governor, supplied the first bankers. Blount himself had died in 1800, and his faction was now led by one of his appointees, John Overton, who had become one of the foremost land lawyers in Tennessee. Overton acted behind the scenes. Legislative and policy groundwork primarily came from Pleasant M. Miller, a son-in-law of Blount, and Hugh Lawson White, a brother-in-law of Overton. These men shaped Tennessee's banking policy as bankers and legislators. This faction heavily influenced legislative charters and succeeded in naming its own to positions of power. Overton, Miller, and White sought to concentrate banking operations in Knoxville and Nashville, where the state's commercial activity was strongest. These "state concentrators" wished to exclude branch banks or independent banks. Their preeminence, however, was short-lived. In 1815 two new groups emerged to attain their own access to credit. The first group consisted of politicians and investors united primarily by their wish to multiply banking establishments across the state. They wanted banks for their own towns, preferably operating as branches of the banks in Nashville or Knoxville. These "state unifiers" sought to tie their localities to the commercial

¹ A modified version of this chapter appears as an article entitled "Unifiers, Concentrators, and Scoundrels: Tennessee Democracy and Its Banking Aristocracies, 1807-1817," in *The Journal of East Tennessee History* 90 (2018): 40-59. I thank the journal's editor, Aaron D. Purcell, for his insightful comments and criticism.

activity of Tennessee's two most influential towns. The second group, emerging in 1816, consisted of a new class of merchants in Nashville who wished to establish a branch of the Bank of the United States. These "national unifiers", joined by a few state unifiers, hoped to supplant the state banking system through the national bank. The political battles over these banks became fiercer as these groups coalesced into more definite factions. The Overton group generally controlled the legislative process of the first two banks chartered—the Nashville Bank in 1807 and the State Bank of Tennessee, located in Knoxville, in 1811. The only opposition to these banks originated in geographic divisions, with East Tennesseans and West Tennesseans voting against each other's bank. By 1815, the battle had become more economic, and by 1817 the Overton group was overwhelmed by demands from the counties for a unified state banking system connected by local branches. At no point in any of these debates did a definite anti-banking group emerge. The political question always concerned the type of banking system Tennessee would develop, not whether to have banks at all.²

Tennessee's banking system as it developed over the next two decades performed two primary functions. First, the banks discounted notes. Discounting performed the modern function of loaning, except that discounting involved three parties rather than two. A merchant, for example, may have held \$1,000 in promissory notes or IOUs from a farmer or planter who had bought supplies on credit and had promised to pay for them out of the proceeds of his crop. The merchant often would not wait for the notes to run to maturity, but rather take them to a

² For the bitter fight between East Tennessee and West Tennessee for control of the state, see R. C. Foster to James Robertson, October 28, 1805, in Cross, "Correspondence of General James Robertson," *The American Historical Magazine* 5, no. 1 (1900): 92. I have created the terms "state concentrators," "state unifiers," and "national unifiers" for clarity's sake. These terms do not appear in the historical record. I believe that these terms best describe the factions that developed during the debates and votes relative to Tennessee banking.

bank to obtain funds. The bank would charge interest immediately and loan the remainder to the merchant by issuing its own notes; if the bank charged 6% interest, for example, then the merchant would receive \$940. Most banks during the early nineteenth century issued their own notes against specie (gold and silver) reserves, for specie was the national legal tender and was the universally recognized medium of exchange among commercial nations. Bank paper represented promises to pay in specie. The farmer or planter was still obliged to fulfill the promissory notes, but in case of default the merchant as an endorser of the notes might be held liable for payment. Promissory notes were usually made payable at the borrower's home, place of business, or local bank.³

The second function of banks was the purchase of bills of exchange. Agricultural cycles and the mode of transport for crops made this function essential for the middling sort of farmers and planters. They harvested during late fall, but their produce did not ship until February or March, when early spring rains swelled the rivers. During the interim planters consigned their crops to commission merchants in the towns. The merchants went to a local bank and drew a bill of domestic exchange on a mercantile or factorage firm in New Orleans, for virtually the entire produce of the Mississippi Valley passed through that city. A bill of exchange was an order made by the drawer (in this case the local merchant) instructing the drawee (the New Orleans firm) to pay, on a specific date, the bearer. Bills of exchange designated a specific distant location, usually a bank or place of business, where payment would be made. The drawer or drawee was liable for the final redemption. Bills based on the southern and western agricultural

³ Thomas P. Abernethy, "The Early Development of Commerce and Banking in Tennessee," *The Mississippi Valley Historical Review* 14, no. 3 (1927): 315; Howard Bodenhorn, *State Banking in Early America* (Oxford: Oxford University Press, 2003), 48. See O. Howard Wolfe, *Elementary Banking* (1915; reprint, South Yarra, Victoria, Australia: Leopold Classic Library, 2018), 67-68, for a general explanation of discounting.

trade usually amounted to about half the market value of the produce to be shipped. The local bank purchased this bill, issuing its own notes and charging a 6%-8% interest rate and a 1%-2% exchange fee. With the proceeds the merchant shipped the produce, charged a commission fee of 2%-3%, and remitted the remainder to the planters. Planters thus realized immediate returns, albeit at a cost, and used the notes acquired to purchase goods in New Orleans or in eastern cities. The local bank remitted the bill to the New Orleans firm. When the firm made the final sale, it took up the bill, deducted a 2%-3% commission fee, and credited the local merchant's account in a New Orleans bank or an account with the firm itself. The local merchant drew a bill at the local bank on the New Orleans account. After deducting expenses and commissions, the local merchant credited the planters' accounts.⁴

Tennessee sellers were also buyers of manufactured goods. As New Orleans firms fulfilled the bills of exchange received from Tennessee, they credited the accounts of Tennessee merchants and banks. The Tennessee merchants and banks, in turn, drew on these accounts to finance purchases of groceries, hardware, and other finished goods for their local customers.⁵

This system tended to generate inflationary pressure. When Tennessee banks issued their notes for discounting local commercial bills or promissory notes, these notes found their way to New Orleans or an eastern city as certainly as the notes issued for bills of exchange. Local loans, unlike loans on bills of exchange, did not acquire credits in these cities. When the notes appeared in New Orleans, for example, no bank, firm, or merchant in that city had assets to offset them. Whoever held the notes, to obtain payment, had to ship them back to the bank of issue in Tennessee because the notes themselves were not legal tender, only promises to pay

⁴ Abernethy, "Early Development of Commerce and Banking," 317-318; Bodenhorn, *State Banking*, 48-49, 224.

⁵ Peter Temin, *The Jacksonian Economy* (New York: W. W. Norton and Company, 1969), 33-34.

legal tender at the issuing bank. The note holder faced delay, transportation costs, and the possibility that the issuing bank would refuse to honor the note. Notes of distant banks thus circulated at a discount but they tended to stay in circulation because they depreciated less than the cost of shipping specie. Tennessee banks, and banks throughout the South and West, could generate a large quantity of notes without an immediate corresponding pressure to redeem them. Excessive issues by these banks contributed to the Panic of 1819.⁶

Large planters and yeomen farmers tended to shun banks. Wealthy planters often had enough means to obviate the need for borrowing, while poor yeomen benefitted only indirectly from banking services. Andrew Jackson's vast operation at the Hermitage, for example, allowed him to ship his crops directly to New Orleans merchants, and he received their remittances in like manner. Jackson's means allowed him to bear the responsibility of shipping and the cost of waiting several months to receive his profits. Yeomen, by contrast, did not sell enough goods for a merchant to take a profitable consignment. They instead sold to country merchants or local stores and received paper redeemable in specie or goods in payment. These farmers benefitted in that the merchants or storekeepers procured their supplies and marketed their crops. They suffered, however, when banks suspended specie payments because of the difficulties in acquiring the legal tender for the payment of taxes.⁷

The very first bank chartered by the legislature was the Nashville Bank in 1807. The final vote approved the charter 13-12 in the House (the tally in the Senate was not recorded). Of those who voted yea, five represented East Tennessee counties, and eight represented West

⁶ Temin, *Jacksonian Economy*, 33-37.

⁷ Abernethy, "Early Development of Commerce and Banking," 316; Harold D. Woodman, *King Cotton and His Retainers: Financing and Marketing the Cotton Crop of the South, 1800-1925* (Lexington: University of Kentucky Press, 1968), 76-83; McCallum, *Settlement and Early History of Giles County*, 70.

Tennessee. Of those who voted no, all but two represented East Tennessee. The two who voted for the bank probably did so as part of the Overton group. John Tipton, for example, the son of Sevier's bitter enemy, voted "yea." Tipton family ties to the Overton group remained strong throughout early Tennessee's history.⁸

The charter explained the purpose of the bank: "the operations of similar associations have been found eminently calculated to advance the interest of commerce and navigation—to encourage a spirit of improvement in agriculture, manufactories, arts and sciences, and to aid the exertions of honest industry, and to repress the unlawful and pernicious practice of usury." The charter incorporated subscribers to the bank's capital stock until January 1, 1818. The capital stock was set at \$200,000 to be divided into shares of \$50 each; \$10 on each share was to be paid at the time of subscription, and an additional \$5 was to be paid on each share within 90 days. These shares were to be paid for in specie. At the end of this period, the bank would commence operations. The remainder of the installment payments for each share would be paid as the directors authorized, provided that each payment did not exceed \$5 per share. 300 shares of the capital stock were reserved to the state for two years. Nine directors would oversee operations, and they would elect one of their number president. The legislature appointed several prominent merchants to the bank's first board of directors, including George M. Deaderick, William Tait, and George Poyzer; Deaderick was subsequently elected president. After January 1, 1809, the stockholders would elect the directors. The bank could not deal in any trade or stock except gold

⁸ Tennessee General Assembly, House of Representatives, *Journal of the House of Representatives, at the First Session of the Seventh General Assembly* [...], session convened 1807 (Knoxville: William Moore, 1808), 80-82, 94-95, 97, 113, 115, Hodges Library; Tennessee General Assembly, Senate, *Journal of the Senate, at the First Session of the Seventh General Assembly* [...], session convened 1807 (Knoxville: William Moore, 1808), 92, 103, 107, 117, 126, 132, TSLA. For Tipton family ties to Overton's associates, see Pleasant M. Miller to John Overton, February 12, 1820, John Overton Papers 1797-1833, Microfilm, Tennessee Historical Society Collection, TSLA.

or silver bullion, or in the sale of goods pledged for money lent, and not rendered in due time, and it could invest in any contingent funds, in the public stocks of the United States, or in any incorporated institution of the United States. It could lend money but could not take more than one-half percent per thirty days for its loans and discounts. Dividends were to be declared twice annually in January and July. The total debts of the bank were not to exceed the capital stock. Andrew Jackson found no slithering hydras in these provisions. He paid Deaderick a bill for \$500 to pay for his first installment on fifty shares of bank stock on October 24, 1808.⁹

Four years later, East Tennessee received its own bank, incorporated as the Bank of the State of Tennessee and established in Knoxville. Pleasant Miller of Knox County introduced the measure. The debate over this bank strongly reflected regional divisions. The charter passed 15-8. Of those who voted yea, at least ten represented East Tennessee counties. Of those who voted no, at least six represented West Tennessee counties. A few still remained in the House who also had voted on the Nashville Bank. Their votes varied. John Cocke and John Tipton, residing in the east, had voted for the Nashville Bank and did so for the state bank. William Young and William Bradley, also residing in the east, had voted against the Nashville Bank but now voted for the state bank. Of the members residing in the west, John Crawford voted for both banks, while Robert Edwards voted against both banks; Joel Dyer had voted for the Nashville Bank but now voted against the state bank. In the Senate, the charter passed 8-4, and this vote was also

⁹ Tennessee General Assembly, Chapter 103, *Acts Passed at the First Session of the Seventh General Assembly* [...], session convened 1807 (Knoxville: William Moore, 1808), 164-171, TSLA; "Receipt for Fifty Shares of Bank Stock," October 24, 1808, in Smith, et al., eds., *Papers of Andrew Jackson*, 2: 200.

regionally divisive. Of those who voted yea, seven represented East Tennessee Counties. Of those who voted no, all represented West Tennessee counties.¹⁰

The state bank's charter authorized a greater volume of business than that of the Nashville Bank. The state bank's capital stock was set at \$400,000, divided into shares of \$50. The legislature directed that subscriptions would open on January 1, 1812. The sale of these subscriptions was opened exclusively in East Tennessee counties and was overseen by commissioners, appointed by the legislature. Once the subscriptions were made, nine directors were to be elected by the stockholders on January 1 of each year. As soon as 4,000 shares were subscribed and \$25,000 paid to the commissioners in gold or silver, the commissioners would give twenty days' notice for the election of directors. Only two-thirds of the directors could be reelected each year, but the president could always be reelected. Stockholders held votes in direct proportion to their shares, but no individual was entitled to more than thirty votes. Dividends would be paid twice annually. Bills of exchange, promissory notes, specie, and the sale of goods were the only assets that could be traded. The rate of interest was limited to 6%. The state could subscribe \$20,000, or 400 shares. The directors could establish branches at Clarksville, Columbia, and Jonesborough, and they could make the Nashville Bank a branch with its consent. In the meantime, the Nashville Bank's capital stock was also increased to \$400,000, and its charter extended until January 1, 1828.¹¹

¹⁰ Tennessee General Assembly, House of Representatives, *Journal of the House of Representatives ... Being the First Session of the Ninth General Assembly*, session convened 1811 (Knoxville: George Wilson, 1812), 174, 187, 247-248, TSLA; Tennessee General Assembly, Senate, *Journal of the Senate at the First Session of the Ninth General Assembly [...]*, session convened 1811 (Knoxville: George Wilson, 1812), 148, 180-181, 206-207, TSLA.

¹¹ Tennessee General Assembly, Chapter 79, *Acts Passed at the First Session of the Ninth General Assembly [...]*, session convened 1811 (Knoxville: George Wilson, 1811), 83-95, TSLA; Claude A. Campbell, "The Development of Banking in Tennessee" (PhD diss., Vanderbilt University, 1932), 30.

The state bank's higher amount of capital stock probably indicated a desire by the bank's supporters to create a central bank for the state. One of the state bank charter's provisions allowed the company to acquire debt up to double the amount of its capital stock. Money deposited in the bank was not to be considered as part of these debts. Thus the bank could practice an early form of fractional reserve banking; since the state bank's capital was to be paid in specie, the restriction of liabilities to double the paid capital was the reciprocal of a requirement that cash reserves be at least half of its liabilities. This ratio was conservative. In comparison, the Bank of New York was authorized to treble its debts in relation to its capital stock, while the Bank of the United States, whose charter had recently expired, had operated within a five to one ratio.¹²

The state concentrators remained preeminent in this bank. Several commissioners named by the legislature to oversee subscriptions to the bank's stock had ties to Blount's political machine, including Thomas Emmerson in Knox County, Valentine Sevier in Greene County, and James Rhea in Sullivan County. Emmerson in particular assured that events transpired to the benefit of his cohorts. On March 9, 1812, the commissioners of Knox County announced that they were extending the deadline for the first installment payment to June 1 so that out-of-state subscribers could have enough time to send their payments. Many did not meet this deadline. Before this default was public knowledge, Emmerson, personal friends with both Miller and Overton, privately wrote to Overton that 5,000 shares had reverted to the bank because of forfeiture. Emmerson asked Overton to purchase as much stock as possible so that the threshold

¹² The provision that regulated the bank's ratio of debt to capital stock can be found in Tennessee General Assembly, Chapter 79, *Acts* (1811), 92, TSLA. For a discussion of bank ratios, see Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (1957; reprint, Princeton: Princeton University Press, 1991), 132-133.

of \$25,000 would be reached and the bank could commence operations. Overton agreed. Whether primarily by his efforts or not, the remaining stock quickly sold. On July 14 newspapers publicly announced the sale of these subscriptions. On the first day of sale Knoxville residents purchased over 1,000 shares. Apparently there was no great difficulty in selling the remaining shares, because by August the commissioners announced that 4,000 shares had been subscribed, \$25,000 had been paid to the commissioners, and an election for directors would be held on September 1 at the Knoxville courthouse. The stockholders elected as directors John Crozier, James Park, Calvin Morgan, Charles McClung, Robert King, Jr., James Campbell, and David Keller. Hugh Lawson White was elected president. A ninth director served by appointment of the governor.¹³

State banking's arrival was fortuitous. Flush times followed the War of 1812. Land prices increased. Tennessee surveyors went to Alabama, bringing lands won by Andrew Jackson during the Creek War to market. The price of cotton increased to \$0.34 per pound. Trade quickened. The banks in Nashville and Knoxville violated their charters by suspending specie payments, in part to meet the growing demand for paper currency. Several citizens of Carter County and East Tennessee summarized the state of affairs in 1815 in a petition to the legislature. They acknowledged that the war had brought taxes, the destruction of commerce, and the hampering of agricultural pursuits. But peace had come, and it promised a revival of trade. They concluded, "we flatter ourselves that the growing trade and intercourse between the Eastern Section of Tennessee, and its rich and flourishing Sister States ... will now most rapidly

¹³ *Wilson's Knoxville Gazette*, March 8, 1812, July 20, 1812, August 3, 1812, September 7, 1812, Microfilm, McClung Collection. For Overton's part, see Thomas Emmerson to John Overton, June 19, 1812, September 6, 1812, John Overton Papers, 1785-1854, Microfilm, Tennessee Historical Society Collection, TSLA. I have been unable to identify the state-appointed director.

progress to promote this most invaluable object, a circulating medium of Trade, equally certain among them all.” Their request was the establishment of a bank in, of course, their region.¹⁴

Prosperity, or at least its anticipation, made trade and money the focus of Tennessee politics for the next few years. Tennessee’s General Assembly of 1815 agreed with the Carter County petitioners that growing trade demanded legislative action with respect to banking. It was in this session that the state concentrators’ control of banking policy ended. They faced the nascent coalescing of the state unifiers, interested in multiplying banks and thus widening access to credit. On the extremes lay those legislators who wholly supported or wholly opposed any banking measures. The unconditional supporters were John Gibbs, Christian Carriger, William Edmiston, William King, and Nathan Shipley. The uncompromising opponents were John Gragg, Sterling Cocke, William B. Lenoir, and James Cryer. Their less ideological, or perhaps less principled, colleagues fought over this question—whether to increase the capital stock of the Bank of the State of Tennessee and concentrate control, or to multiply banking establishments and enlarge the state’s credit network.¹⁵

William Edmiston of Lincoln County opened the discussion on October 5. He introduced a bill to incorporate a bank in Fayetteville—the county seat of his constituency. The bill passed

¹⁴ John Donelson, Jr. to Andrew Jackson, July 23, 1815, in Harold D. Moser, David R. Hoth, Sharon Macpherson, and John H. Reinbold, eds., *The Papers of Andrew Jackson*, vol. 3, 1814-1815 (Knoxville: The University of Tennessee Press, 1991), 374; Hugh Lawson White to Willie Blount, July 26, 1815, Governor’s Papers, Willie Blount 1809-1815, Box 1, Folder 6, Microfilm, TSLA; Thomas Emmerson to John Overton, March 23, 1815, Murdock Collection Overton Papers, Box 1, Folder 67, Microfilm, Tennessee Historical Society Collection, TSLA; Petition 46-1815-1, Tennessee Legislative Petitions, Microfilm, TSLA.

¹⁵ This question arrived early in the session. See Tennessee General Assembly, House of Representatives, *Journal of the House of Representatives, at the First Session of the Eleventh General Assembly* [...], session convened 1815 (Nashville: M. and J. Norvell, 1815), 94, 99-101, TSLA.

its first reading without turmoil. Its second reading the next day engendered opposition. After some debate, the members rejected the bill in a close vote.¹⁶

The concentrators' triumph did not last. By a shrewd set of compromises, the unifiers eventually carried the point. The first part of the compromise involved passage of the Holston Tennessee Bank to be based in Jonesborough. Carriger on October 17 presented the petition of the citizens of Carter County and East Tennessee, asking for the establishment of a bank in their county called the "Holston Bank." The committee on propositions and grievances reviewed the petition and declared its assent on October 21. Jenkin Whiteside of Davidson County, a concentrator, attempted to lay it on the table indefinitely. For this vote supporters and opponents of the bank aligned exactly as they had for the Fayetteville Bank, except that Robert Jarmon opposed this bank and Jonathan Tipton supported it. The balance was tipped in the unifiers' favor by three representatives who had not participated in the Fayetteville Bank vote. All voted to support the Holston Bank. Whiteside's motion was defeated 18-20, and the House concurred with the committee's report.¹⁷

The second step in the compromise involved joining the Holston Tennessee Bank proposal with the heretofore defunct Fayetteville Tennessee Bank bill. When this bill came to the floor for reconsideration on November 16, Nathan Shipley offered an amendment that incorporated two banks, one in Fayetteville as the Fayetteville Tennessee Bank and one in Jonesborough as the Holston Tennessee Bank. Thus southwestern Tennessee and northeastern Tennessee would each have a bank. The bill passed its second reading as amended. Apparently

¹⁶ Tennessee House of Representatives, *Journal of the House* (1815), 94, 99-101, TSLA.

¹⁷ Tennessee House of Representatives, *Journal of the House* (1815), 137, 152-153, TSLA.

one more compromise was necessary, for the bill as it finally passed incorporated three banks, one in Fayetteville, one in Jonesborough, and one in Franklin.¹⁸

The concentrators met only defeat in their efforts. Leaders of this faction included Whiteside and Thomas Williamson of Davidson County, James Fentress of Montgomery County, and Julian Frazier of Knox County. Their interest lay with the Nashville Bank and the Bank of the State of Tennessee. On the very day that Whiteside voted against the first Fayetteville bank bill, he introduced a measure to increase the capital stock of the state bank. The bill passed its first reading. Then it became mired in legislative maneuvering. From October 7 to November 7, the bill was either laid on the table or withdrawn for amendment. It was tabled on its second reading. On November 9 the assembly took up the bill for its third and final reading. The vote generally reflected the inverse of the vote to table the Holston Bank. As such, the capital stock increase was defeated 17-20. The bill was feebly considered again with amendments, but it died on the table.¹⁹

The new chartered banks closely resembled the Nashville Bank's structure. Each bank received a capital stock of \$200,000. This stock was divided into shares of \$50 each, with \$10 to be paid on each share at the time of subscription. No subsequent installment payment would exceed \$5. Stockholders elected nine directors (except for the first nine directors, who were

¹⁸ Tennessee House of Representatives, *Journal of the House* (1815), 283-284, TSLA. The bill's final passage is recorded in Tennessee General Assembly, Senate, *Journal of the Senate at the First Session of the Eleventh General Assembly* [...], session convened 1815 (Nashville: M.J. Norvell, 1815), 224, TSLA. It is difficult to track how the senators voted on these measures because the journal does not record the individual yeas and nays except for the final incorporation act cited here.

¹⁹ Tennessee House of Representatives, *Journal of the House* (1815), 103, 118, 145, 156-157, 240, 246-247, 253, 257, TSLA.

appointed by the legislature) and received votes in proportion to their holdings. The total amount of debt for each bank could not exceed its capital stock.²⁰

Access to credit motivated the unifiers. The charters of the banks for Fayetteville, Jonesborough, and Franklin authorized them to become branches of the state bank in Knoxville. The unifiers essentially re-directed the prospective increase of capital stock from the state bank to their own banks. Branch banks provided local access, and they created an interest for the state bank in local areas. The unifiers did loosen restrictions for the state bank by repealing the portion of its charter prohibiting it from issuing notes for an amount less than \$5. In its place the legislature authorized the state bank to issue notes for an amount not less than \$1. Money was in strong demand in Tennessee.²¹

Then national events intruded on state banking. The United States government's financial situation was critical following the War of 1812. During the war Congress had authorized the sale of bonds and the issue of treasury notes, but the bond sales were never fully subscribed, and the treasury notes depreciated almost immediately. Having no common medium of exchange, the government received taxes in depreciated state bank paper and treasury notes. Congress and the president responded by creating the Bank of the United States on April 10, 1816. The bank commenced operations on January 7, 1817, capitalized at \$35 million. The Bank was a hybrid institution, performing both public and for-profit functions. The federal government owned 20% of the Bank's capital, and the president of the United States appointed 5% of the board of directors. The Bank served as a depository of government funds, assisted in

²⁰ Tennessee General Assembly, Chapter 198, *Acts Passed at the First Session of the Eleventh General Assembly* [...], session convened 1815 (Nashville: T.G. Bradford, n. d.), 305-320, TSLA.

²¹ Tennessee General Assembly, Chapter 198, Chapter 35, *Acts* (1815), 320, 39, TSLA.

the collection of taxes, and issued loans to the federal government. It also acted as a commercial bank for private citizens by issuing loans, discounting debts, and receiving deposits.²²

The Bank's commercial business meant that the directors primarily responded to the incentive of profits and the threat of losses. The Bank thus did not act as a modern central bank would, actively implementing monetary policy, directly influencing reserve ratios of member banks, and serving as a lender of last resort. At times the Bank foreshadowed such practices. It eventually established a uniform currency acceptable nearly everywhere in the country. It regulated specie flows, ensuring liquidity throughout the economy. It also influenced state banks' reserve ratios by presenting state bank notes for specie redemption, thus preventing the state banks from overextending note issues. All of these functions, however, were passive in nature. The Bank responded to changing business conditions, rather than actively pursuing definite public policies.²³

The Bank of the United States found some support in Tennessee, located mainly in Nashville. Felix Grundy led this group of national unifiers. Grundy had served in the House of Representatives from Tennessee, and he had supported early efforts to establish a national bank. William Carroll added his support as a prominent businessman and one of Jackson's ablest subordinates during the war. Whiteside also joined, perhaps reckoning that a national bank would provide a more coordinated banking system than the one he had supported in the 1815 assembly. His stance perhaps cost him his seat, as he did not join the assembly in 1817. Other prominent members included Jesse Wharton, O. B. Hayes, George W. Gibbs, Alfred Balch, and

²² Ralph C. H. Catterall, *The Second Bank of the United States* (Chicago: The University of Chicago Press, 1902), 1-21; Govan, *Nicholas Biddle*, 50-51.

²³ Sharon Ann Murphy, *Other People's Money: How Banking Worked in the Early American Republic* (Baltimore: John Hopkins University Press, 2017), 64-67, 80-81.

Andrew Hynes. These members saw better than most the opportunities that Tennessee, with its growing business in cotton, could have with a national bank.²⁴

Enthusiasm for money also persisted among the counties. Numerous petitions came to the 1817 session of the General Assembly asking for banking establishments in order to increase trade, secure more money, and commence internal improvements. Citizens of Hawkins County asked for a bank in Rogersville. They argued that their city especially benefitted from trade with the eastern coastal cities because it was situated on the public road. They wanted to become a branch of the state bank. The citizens of Sumner County described the difficulty of trade without a bank in their county seat of Gallatin. Anyone wishing to acquire money had to make a difficult journey to Nashville; anyone who made it found money scarce. They said that “the reason your petitioners suppose that accommodations cannot be had in Nashville is owing, principley [sic], to a deficiency in bank Capital which is bearylly [sic] sufficient to supply the wants of the citizens of that place and those in its immediate vicinity.” Banks produced general good. They argued that banks furnished “the means to give the highest prices for all kind of produce to the farmers” and “employment for mechanicks of every description.” The citizens of Maury County asked for a bank at their town of Columbia. They informed the legislature that Columbia held \$20,000 because of the sale of town lots. They wished to invest the money in bank stock and use the dividends to begin construction of a bridge across the Duck River. They complained that they attempted to purchase subscriptions to the bank but none remained. Citizens of Davidson

²⁴ The names listed here can be found in *Nashville Whig and Tennessee Advertiser*, February 7, 1818, Microfilm, TSLA. See also Nancy N. Scott, *A Memoir of Hugh Lawson White, Judge of the Supreme Court of Tennessee, Member of the Senate of the United States, Etc., Etc., With Selections from His Speeches and Correspondence* (Philadelphia: J. B. Lippincott and Company, 1856), 19-22, Hodges Library, and Charles G. Sellers, Jr., “Banking and Politics in Jackson’s Tennessee,” *The Mississippi Valley Historical Review* 41, no. 1 (1954): 65.

County and Bedford County also sent petitions asking for new banks. Banks, at least in the abstract, offered new opportunities for frontier residents. Many hoped to more actively participate in the commercial world.²⁵

Tennessee's General Assembly heeded these calls when it met in September 1817. Two banking issues now confronted the assemblymen. First, would they allow the national bank to operate in Tennessee? Second, would they continue to proliferate branch banks, or would they accede to an increase in capital stock for the state bank? As to the first question the state concentrators and state unifiers were largely in agreement that the national bank would be a detriment to Tennessee. Pleasant Miller in the House and Hugh Lawson White in the Senate personally led this effort, no doubt motivated by their interest in the state bank. A few state unifiers, however, believed that a national bank, along with their own county banks, would best promote prosperity. William Young of Hawkins County, for instance, had strongly supported county banks in 1815; he would do so again in 1817 while also leading the national group in the House. Like the petitioners from his county, Hawkins believed that Rogersville stood to gain mightily from connections with eastern merchants and a national market unified by a national bank. As to the second question the state concentrators, with Miller and White again taking the lead, and the state unifiers split much as they had in 1815. Tennessee would continue to maintain an expansionary policy.²⁶

²⁵ Petition 21-1817-1, Petition 13-1817-1, Petition 52-1817-1a, Tennessee Legislative Petitions, Microfilm, TSLA. The petitions from Davidson County and Bedford County were received by the General Assembly. See Tennessee General Assembly, House of Representatives, *Journal of the House of Representatives, at the First Session of the Twelfth General Assembly* [...], session convened 1817 (Knoxville: George Wilson, 1817), 112, 156, Hodges Library.

²⁶ On the motivations of the state group, see Scott, *Memoir of Hugh Lawson White*, 19-20. See also Sellers, "Banking and Politics," 66, and Campbell, "Development of Banking in Tennessee," 35. Sellers and Campbell argue that Miller and White wished to deny the Bank of the United States an establishment in Tennessee and thus

Miller and White had small difficulty in rousing opposition to the national bank. Most of the assemblymen, and most Tennesseans, viewed any outside influence with suspicion. They feared that the national bank, eastern merchants, and foreign countries might drain the state of specie and make money even scarcer. White in 1815 had written to Governor Willie Blount explaining why the Bank of the State of Tennessee had suspended specie payments. He said that events in Europe had created a massive demand for specie in Great Britain. Large sums had already shipped from the United States. White said that “people of other states, and in our own, having found this the only Bank acceptable to them, have procured our notes, and as we have reason to believe are in search of more with a view to draw the amount in specie and carry it to places from which we can expect no return.” If such demands continued, the bank would be forced to call in specie from its debtors.²⁷

The Bank of the United States heightened these concerns. The Bank appeared to many Tennesseans as an institution designed to drain specie from the states. Editorials that defended the national bank had to answer these charges. “Sidney” in the *Nashville Whig and Tennessee Advertiser* argued that banks increased the wealth of society and enabled all to move ahead. A national currency would assure money’s quantity and quality. “Cassius” in the same paper likewise argued for the beneficial effects of a branch bank in Nashville. It would loan money to the purchasers of produce and lend great support to the Mississippi trade. A national bank, far from draining specie from the state, would ensure healthy trade without harmful speculation. Prohibiting the national bank from Tennessee amounted to financial mercantilism. “Cassius”

secure a unified state banking system. To achieve this goal, they acceded to chartering banks in the smaller towns across the state. This interpretation is problematic, for reasons I will explain in the following paragraphs.

²⁷ Hugh Lawson White to Willie Blount, July 26, 1815, Governor’s Papers, Willie Blount, 1809-1815, Box 1, Folder 6, Microfilm, TSLA.

asked, “are you prepared to adopt this course of Spanish policy, and close your doors on all other capitalists—to the end, that these men [state bankers], may monopolize the whole interest of the country, and live like vultures tearing your vitals—genius of my country forbid it—forbid it heaven!!” These editorials probably had little effect. Most voters appreciated public officials haranguing the Bank of the United States as a danger to material independence. This perception existed almost as conventional wisdom. The *Democratic Clarion and Tennessee Gazette* ran a report, not an editorial, matter-of-factly stating that “the Leviathen [sic] Bank or U.S.B. had voted to establish branches in Chilicothe, Louisville, and Pittsburgh.”²⁸

The proposal to defeat Leviathan produced acrimonious yet crafty debate among assemblymen and the general populace. Miller introduced the first resolution concerning the Bank of the United States. He read several accusations, searing in their denunciations of the banking system of the United States, but discriminating in their focus on the national system only. After all, Miller himself had introduced the Bank of the State of Tennessee’s charter in 1811, and at the very moment he rose to attack the national bank and the paper system, he was one of the directors of the state bank. He said that “the paper system within the United States, has ... an irresistible tendency to combine and array the wealthy and powerful classes of the community, against the labouring classes.” It “had a perpetual tendency to change the proprietors of real estates, from the laboring classes, to those who do not labor.” Moreover, “the establishment of a monied institution within the limits of this state, the capital stock of such institution not being owned by the citizens thereof will afford the means of withdrawing semi-

²⁸ *Nashville Whig, and Tennessee Advertiser*, December 22, 1817, January 31, 1818, Microfilm, TSLA; *Clarion, and Tennessee State Gazette* (Nashville), September 30, 1817, Microfilm, TSLA. For the popular animosity against the Bank of the United States, see Scott, *Memoir of Hugh Lawson White*, 19-20.

annually the whole profits of such institution from the good people of this state and placing the same in the hands of persons unknown, without any adequate return therefore.” Miller finally resolved that no bank or monied institution not chartered by the laws of the state should be permitted to establish itself in Tennessee. The assembly for now laid the resolution on the table.²⁹

For their part the national unifiers made some appeals to the national bank as a positive good, but they also used Miller’s tactic of casting banking—state banking—as a tyrannical ploy. Representative Young made the positive appeal. Young believed that a national bank supported the government and benefitted the people. He argued that “the stability of national credit is secured; the mutual ties of the states is increased by the strong ligaments of pecuniary interest, and the trade and prosperity of individuals are enlarged by a notorious and uniform circulating medium.” The editorialist “Cassius” provided the negative appeal. He asked whether the public good would be better served by a unified national banking system, or by independent banks limited in their influence, concluding that the state system operated “by creating local interests, sacrificing the permanent interests of the people at large, to promote the sinister designs of a few monied capitalists, who have procured charters to enlarge the interests of their purses, before they had learnt to extend the benevolent principles of their hearts.”³⁰

Miller’s argument held sway. The bill as it took shape placed a \$50,000 tax on every bank or moneyed institution not chartered by the laws of the state. This proposal easily passed the House; the final vote carried 26-6. Even more moderate proposals to reduce the amount of

²⁹ Tennessee House of Representatives, *Journal of the House* (1817), 161, Hodges Library. Miller’s election as a director to the state bank can be found in *Knoxville Register*, January 11, 1817, Microfilm, McClung Collection.

³⁰ *Nashville Whig and Tennessee Advertiser*, December 15, 1817, Microfilm, TSLA.

the tax were overwhelmingly defeated. The vote was likewise easy in the Senate. White ensured that Miller's resolution in the House became a joint resolution with the Senate. Tennessee had committed to state banking.³¹

Just what kind of state banking remained uncertain. The state concentrators faced heavy opposition in their desire to keep control in Knoxville and Nashville. Petitions for banks from across the state came to the General Assembly on a weekly basis. Soon the state unifiers had guided legislation through first and second readings that created new banks in Gallatin, Nashville, Rogersville, and Shelbyville. Final support for these banks came from small compromises with moderate concentrators. One compromise came from Samuel Anderson of Rutherford County, who proposed that the Nashville Bank and the state bank would receive an increase of capital stock, the several towns seeking banks would be authorized to open subscriptions, and the new banks could then be received as branches of the first two banks. The increase of capital stock did not pass, but the proposal to make it possible for the new banks to become branches of the Nashville Bank or the state bank did. Senator George Coalter of Lincoln and Giles Counties, for example, had misgivings about chartering so many banks. He apparently felt pressure to vote yes, however, because he later wrote that "the current was so strong from all quarters, which, when united, and made a common cause, it was impossible to be resisted." He also hoped that if the banks should become branches "a great portion of the evil consequences will ... be averted."³²

³¹ Tennessee House of Representatives, *Journal of the House* (1817), 137, 262-263, 290, Hodges Library; Tennessee General Assembly, Senate, *Journal of the Senate, at the First Session of the Twelfth General Assembly* [...], session convened 1817 (Knoxville: George Wilson, 1817), 102-103, 211-212, Hodges Library; Tennessee General Assembly, Chapter 131, *Acts Passed at the First Session of the Twelfth General Assembly* [...], session convened 1817 (Knoxville: George Wilson, 1817), 218-221, TSLA.

³² Tennessee House of Representatives, *Journal of the House* (1817), 73, 80-81, 91, 102, 105, 112-114, 118, 132, 137, 156, 159-160, 164-165, Hodges Library. Coalter's yes vote can be found in Tennessee Senate, *Journal of the*

The state unifiers bolstered their support by applying to the concentrators what they had both applied to the Bank of the United States. The unifiers argued that their plan had the advantage of diffusing power. They emphasized how a multiplicity of banks would assure that no one bank could gain a monopoly. The petitioners from Sumner County, for example, felt it somewhat unnecessary to defend the banking system because many now operated in the state. Monopoly could no longer be used as an objection because the banks' "increase will in some degree obviate that objection, by making the advantage more general."³³

Eventually the state unifiers combined the separate proposals for local banks into a single act entitled "An Act to Incorporate Banking Associations." This bill came to its final reading on November 14 and its final vote the next day. The state concentrators mounted a last attempt to secure better terms for their banks. During its final reading Miller moved that the capital stock of the Bank of the State of Tennessee be increased by \$400,000. This motion lost 16-22. The next day the incorporation act passed 19-17. All but three representatives who voted to increase the capital stock of the state bank voted to reject the banking associations bill; Miller himself voted no. Of those who voted against the state bank's capital stock increase, all but six voted for the banking associations bill. The three representatives who voted with the unifiers—Williamson, Bryan, and Willis—apparently believed the state banks would benefit from several local branches. Of the six who voted against both measures, two—Easley and Taylor—had

Senate (1817), 170, Hodges Library. See his editorial in the *Clarion and Tennessee State Gazette*, December 2, 1817, Microfilm, TSLA.

³³ Petition 13-1817-1, Tennessee Legislative Petitions, Microfilm, TSLA.

supported pro-bank measures elsewhere. Easley had voted for an increase of the state bank's capital stock in 1815, and Taylor voted against the foreign bank tax in the current session.³⁴

The state concentrators in the Senate, led by White, also fought unsuccessfully against the banking associations bill. When the bill was taken up on November 5, 1817, White proposed an amendment to increase the capital stock of the Bank of the State of Tennessee by 10,000 additional shares. Jonathan Tipton countered by proposing that the capital stock could not be increased until the directors of the state bank should establish branches at such places as specified by the act. This amendment passed over White's objection, and he was forced to withdraw the consolidated amendments. The next day he attempted to allay concerns of monopoly by proposing that any subscriptions resulting from an increase in capital stock could only be bought by Knox County residents. This amendment failed 9-10; those who had voted for Tipton's amendment voted against White's amendment here, except for one senator who joined the concentrators and one who did not vote. Adam Huntsman of Overton, Jackson, and White Counties offered a different amendment, attempting to make state bank influence more palatable to the unifiers. He proposed that if the state bank or the Nashville Bank accepted two or more banks created by the bill, then the two former banks could open subscriptions for 10,000 shares. If they accepted four or more branches, then they could open 20,000 shares. Such increases could be used by any of the branches. The unifiers rejected this proposal 13-6. Thus the banking associations bill passed largely as its proponents intended, with capital stocks independent from the state bank, yet having the ability to join the Nashville Bank or the state bank if they chose.

³⁴ Tennessee House of Representatives, *Journal of the House* (1817), 245, 251-252, Hodges Library. For differences of opinion within the state group regarding the local branch banks, see Thomas Emmerson to John Overton, March 30, 1818, Murdock Collection Overton Papers, Box 1, Folder 69, Microfilm, Tennessee Historical Society Collection, TSLA.

The vote was overwhelming, with sixteen for and three against, including White. White's attempt to prevent branch banking had failed.³⁵

The bill included all sorts of expansionary measures. Ten banks were created. The three banks chartered in 1815 each received an increase of their capital stock to \$400,000. The state bank received an increase of \$8,000 to its capital stock, though these subscriptions would take place in outlying counties; the legislation also authorized any bank not accepted as a branch by the state bank to remain independent. It repealed a provision of the Fayetteville Tennessee Bank's charter that forced delinquent stockholders to forfeit their shares and payments to the company, instead providing that dividends would be forfeited until payment was made. Each bank was authorized to issue notes for as little as \$1. Only the charters themselves remained conservative, in that the restrictions placed on each bank followed the restrictions placed on the state bank in 1811. Capital stocks were set at \$400,000, the banks could not take on debt greater than double the amount of their capital stocks, and interest rates were limited to 1% for sixty days.³⁶

The national unifiers gained a small victory. One of its members added the Farmers and Mechanics Bank of Nashville as one of the ten banks chartered. Its directors included Thomas Hill, William Carroll, Felix Robertson, and Jenkin Whiteside. They established the bank in the building intended for the branch of the Bank of the United States. Whiteside also attended a

³⁵ Tennessee Senate, *Journal of the Senate* (1817), 142, 167-170, Hodges Library. Sellers's contention that White bargained with senators and investors such that they would vote for his prohibitory tax on the Bank of the United States and he would assure passage of their county banks cannot account for the fact that White (and Miller in the House) voted *against* the banking associations bill. See Sellers, "Banking and Politics," 65-66. In support of my contention that the same faction of the legislature rejected capital increases for the state bank yet chartered local banks, see James Trimble's editorial in *Nashville Whig, and Tennessee Advertiser*, November 24, 1817, Microfilm, TSLA. Moreover, as I argue elsewhere in this chapter, the tax on the Bank of the United States was so popular that White needed no machinations to get it passed.

³⁶ Tennessee General Assembly, Chapter 145, *Acts* (1817), 256-279, TSLA.

meeting by several prominent merchants of Nashville, including Grundy, that produced resolutions declaring the foreign bank tax unconstitutional and inviting the Bank of the United States to establish a branch anyway.³⁷

Most of the new banks became branches of the Nashville Bank or the Bank of the State of Tennessee. The banks at Murfreesborough, Shelbyville, Gallatin, Winchester, and Rogersville joined with the Nashville Bank. The state bank received branches at Clarksville, Columbia, Jonesborough (the Holston Tennessee Bank, now renamed the Eastern Bank of Tennessee), Carthage, Franklin, and Nashville. Overton directed the Nashville branch.³⁸

Political battles aside, banking in Tennessee had to this point performed well. Business grew. Dividends paid to the stockholders of the state bank increased from 4% in 1817 to 8% in 1818. William H. Stockton advertised his services as an independent agent who could transact business at the state bank for those who lived far away. The Farmers and Mechanics Bank commenced business in August 1818. The Nashville Bank received installments for subscriptions to its branch banks. Bank notes provided a reliable medium of exchange. The proprietors of the Bent Creek Store in East Tennessee recorded fewer transactions in barter. Many customers now bought their farm implements, dry goods, and books in “bank notes.” Others used bank notes as a partial payment, fulfilling their obligations by paying in goods or labor.³⁹

³⁷ Tennessee General Assembly, Chapter 145, *Acts* (1817), 270, TSLA; *Clarion, and Tennessee State Gazette*, March 24, 1818, Microfilm, TSLA; *Nashville Whig, and Tennessee Advertiser*, February 7, 1818, Microfilm, TSLA.

³⁸ *Clarion, and Tennessee State Gazette*, September 1, 1818, Microfilm, TSLA; William Henry Depriest, “Banks Known as the Bank of the State of Tennessee” (Master’s Thesis, George Peabody College, 1930), 6, Microfilm, TSLA.

³⁹ *Knoxville Register*, August 7, 1817, May 5, 1818, Microfilm, McClung Collection; *Clarion, and Tennessee State Gazette*, September 1, 1818, Microfilm, TSLA; Bent Creek Store Ledger D 1816-1818, 33, Microfilm, McClung Collection.

Scarcity of money had been a constant complaint in Tennessee. The War of 1812 and its aftermath promoted land speculation, cotton, and trade. Enthusiasm for banks followed. That enthusiasm created political turmoil as groups vied for access to financial resources and fought over what type of banking system to adopt. Behind every anti-bank appeal lay a pro-bank motivation. It is small wonder that such political animosity arose. At stake was the possibility of material improvement.

Chapter 4

Panicked Speculators Turned Debtors

Optimism turned to despair. Plenty turned to want. Extravagance turned to ruin. The spectre of aristocracy loomed. So it seemed to certain petitioners from Warren County, Tennessee. The county's seat, McMinnville, had not been given a bank by the state legislature during the preceding years, and so much the better as it seemed to these petitioners. They said that "our former legislators have rather been copying after the customs of foreign nations, than guarding our natural, just and constitutional rights and liberties." Banks had been granted privileges not available to individuals. Bankers had gained "Hereditary Honors, Titles, Privileges and Emoluments, by which means they have monopolized and shut up in Bank, all our Gold and Silver and left us no alternative." They asked that all stockholders be held responsible in their persons and property for the redemption of bank notes. The Panic of 1819 had ended the banking mania.¹

The panic forced Tennesseans to reconsider the pursuit of prosperity. It seemed that the present banks had not funded internal improvements, supported commerce, aided landowners, or provided the means to ameliorate the distress. A relief faction emerged in Tennessee, ostensibly committed to reducing creditors' ability to execute judgments against debtors and inflating the currency. This faction succeeded in these efforts, passing laws suspending execution of debts in

¹ Petition 106-1819-1, Tennessee Legislative Petitions, Microfilm, TSLA.

1819 and chartering a loan office, deceptively christened the (new) Bank of the State of Tennessee, in 1820. Public confidence in the state banking system declined apace. The state's private-public banks, headed by the Overton faction's Nashville Bank and (old) Bank of the State of Tennessee in Knoxville, and creditors generally bore the blame for hard times. Arguments that had been utilized by the state concentrators, state unifiers, and national unifiers against the other's banks now appeared as broadsides against all banks, or the banking system as practiced.²

The relief effort in Tennessee, however, was not wholly of the levelling sort, nor did it seek a return to republican simplicity. The most prominent relief leaders, Felix Grundy and William Carroll, had fought for banks as part of the national unifiers during the banking mania. Grundy established himself in Nashville as a merchant and lawyer after moving from Kentucky. Carroll made himself one of the most prominent merchants and manufacturers in Nashville after a modest upbringing in Pennsylvania. He operated a nail factory and owned the first steamboat that churned the Cumberland River all the way to Nashville. The relief faction's base, furthermore, often consisted of speculators who had become debtors because of the distress—relief efforts would in fact cause a renewed split between East Tennessee and West Tennessee assemblymen because the westerners had plunged the deepest. The relief faction coalesced around a general sense of anxiety, but its agents also maintained a belief in material progress. Some called for prosperity on a more secure basis, via a balanced development of agriculture, commerce, and manufacturing. The tripartite structure would sustain a sound circulating medium. Others embraced the new Bank of the State of Tennessee because it seemed that this

² See Hamer, *Tennessee: A History*, 1: 231-237, for a general summary of the Panic of 1819 in Tennessee.

bank could do what the state unifiers had hoped the old banks would do—sustain development throughout the state and make a stable circulating medium ubiquitous. Some hoped the new bank would expand the money supply and thus assist the debtor. A few decried paper currency of any kind, though sometimes their actions, as in the case of Andrew Jackson, cast doubt on their words. Development and improvement always remained the aim. The people would have their say in the gubernatorial election of 1821. They would overwhelmingly support the candidate who promised a way forward, rather than the old blessings of republican simplicity.³

Banking as practiced in the South and West contributed to the severity of the Panic of 1819. The difficulty lay in the avidity for a circulating medium and a concomitant suspicion of the restraining influence of the Bank of the United States—that it to say, it lay in the very conditions that produced Tennessee’s banking bonanza. Several other southern and western states had caught the commercial passion. Georgia, North Carolina, Maryland, Kentucky, and Ohio enacted taxes on any corporation not chartered by them. Indiana in 1816 and Illinois in 1818 prohibited all but state banks in their first constitutions. Western branches of the Bank of the United States nevertheless operated in South Carolina, North Carolina, and Ohio. These branches, combined with state banking, faced high demand for paper to fund development. So long as good times bolstered belief in the banks’ credit, their notes facilitated exchange and investment. The good times ended in 1819, and banks simultaneously faced borrowers faltering in their payments and depositors anxious to redeem their paper. State banks contracted their note issues, and they indirectly faced pressure from the Bank of the United States because it demanded that its branches begin regular settlement of balances held against the state banks.

³ Hamer, *Tennessee: A History*, 1: 231-234; Diary of William Carroll, Murdock Collection Overton Papers, Box 3, Folder 60, Microfilm, Tennessee Historical Society Collection, TSLA.

The pressure became so great that southern and western banks suspended specie payments; in Tennessee all of the banks suspended except for Hugh Lawson White's state bank. The contraction did not stop there. Business activity declined to such depths that the national bank repossessed large areas of Cincinnati, Ohio. By the middle of 1819, it appeared that southern and western suspicions of the Bank of the United States were vindicated.⁴

Tennesseans joined many westerners in renewing harangues against the federal government and its bank. Most prominent among these voices was the *Clarion*. An editorial charged that the government practiced partiality in its disbursement of the public revenue, refusing to finance military schools, industries, or shipyards in the western states while burdening westerners with one-third of the import duties. Another editorial claimed of the Bank of the United States that "a few 'knowing ones' took a large amount of stock in single shares, in other person's names, and ... by the means of proxies thousands of votes were given by one man." Anger heightened in response to the *McCullough v. Maryland* decision, in which the Supreme Court ruled that no state could tax the Bank of the United States. The *Clarion* said that "the determination at Washington city for the moment is to honor commercial men, and the intrigues and ambition of the secretary of the treasury and the power of the bank of the U. States will be wielded to bankrupt the state banks and cripple the states themselves." Tennessee politicians proclaimed their republican virtues, ready to protect state authority from the "Mammoth" bank's consolidating influence. The bank as scapegoat provided easy, though not wholly untrue, explanations of the distress.⁵

⁴ Govan, *Nicholas Biddle*, 56-57, 60-65; Catterall, *Second Bank of the United States*, 61-65; Hamer, *Tennessee: A History*, 1: 231-232.

⁵ *Clarion and Tennessee Gazette* (Nashville), January 19, 1819, February 5, 1819, April 6, 1819, June 15, 1819, Microfilm, TSLA; *Nashville Whig and Tennessee Advertiser*, July 3, 1819, Microfilm, TSLA.

The *Clarion* also bludgeoned Tennessee's banking system—the paper's patronage coming from political enemies of the Overton faction. An editorial lamented that banks had multiplied within Tennessee and, indeed, within most states. Banks had encouraged people to purchase “unprofitable and ruinous finery.” The writer said that “before Banks were located all over the country, the specie could not be commanded for exportation—it was in the hands of those who would not part with it for such purposes.” Tennesseans had long feared trade imbalances, believing that the purchase of luxuries drained the state of money, and many would support the loan office in 1820 to support intrastate commerce.⁶

In the meantime many Tennesseans believed that domestic manufacturing could correct the trade imbalance. The *Clarion* supported this effort. It reprinted articles from northeastern states proposing such solutions. “Agricola” in a New York newspaper argued that bank currency was based in speculation and thus deleterious to active industry. He said that “it is not to be expected, that the man of great monied capital, will leave commercial cities, to engage in the laborious calling of a farmer, or manufactuerer ... nor will he be induced to loan his money, to encourage national industry, so long as he can employ it in bank stock and commercial speculations, to such enormous advantage.” If bankers were to help farmers and mechanics, then national industry must be developed and foreign consumption must be reduced; otherwise, “bank loans in a few short years will establish a monied aristocracy in our country.” A reprinted editorial from the *Pittsburgh Gazette* similarly decried the money spent on foreign luxuries. It called for tariffs to support American industry and discourage the importation of goods.⁷

⁶ *Clarion and Tennessee Gazette*, February 19, 1819, Microfilm, TSLA.

⁷ *Clarion and Tennessee Gazette*, February 15, 1820, September 7, 1819, Microfilm, TSLA.

Some called for an end to paper currency. “Cobbett” argued in the *Clarion* that Tennessee actually suffered from too much money rather than too little. The real wealth of society, he argued, consisted of its goods. “Every nation, according to the worth of its valuable things and traffic, will have its share [of specie], without any extra natural effort, or any positive regulation.” Paper money currency tended to corrupt the natural operations of trade. Paper money had no standard of value and could be infinitely expanded, unlike precious metals, whose scarcity prevented depreciation and manipulation. Cobbett asked, “How can people venture to make contracts for time? Who can trust his property to valuation upon any article having itself no value?” If paper money disappeared, then “there would no longer be any bankers to live on the losses sustained by the farmers and tradesmen in consequence of the failures and other rogueries of those bankers.” The *Clarion*’s editor said that “it contains more argument, more in elucidation of the evils of banking than we ever expected to see comprised in the same compass.”⁸

Even the *Clarion*, however, found banking’s precise evil difficult to define. Some *Clarion* editorials attacked banks for being too stringent with their discounts. “Belisarius” attacked the Nashville Bank specifically. He said that “you are calling on your debtors, as if we were in the full enjoyment of the most prosperous times we ever had.” The bank had no necessity to press so heavily for redemption of their notes. In another editorial, “T” agreed that banks needed to be more generous. Whether these opinions stemmed from a desire for monetary expansion, a desire for capital, or both, they hardly portended a return to the precious metals.⁹

⁸ *Clarion and Tennessee Gazette*, April 27, 1819, Microfilm, TSLA.

⁹ *Clarion and Tennessee Gazette*, August 24, 1819, Microfilm, TSLA.

These general criticisms of banking and the credit system represented an effort to build prosperity on a more secure foundation. The distress required remedies, but no ideological consensus existed as to the correct ones. The *Clarion* sometimes took up the cause of debtors. Its editor, for example, reprinted a story from Pittsburgh, Pennsylvania, describing the wretched condition of the debtors living there, most of whom were mechanics and laborers. The story said, “let the public fancy themselves, a laboring man, with a wife and five or six half naked children, laboring for their support at the wages of a dollar or seventy-five cents per day—thrown into prison for a debt of five or six dollars.” The same paper had no fear of the Farmers’ and Mechanics’ Bank oppressing debtors in this way. Its writers gave strong support to that bank, still operated by the national unifiers Jenkin Whiteside, William Carroll, and Thomas Hill. The paper supported this bank’s suspension of specie payment. The directors argued that “there has been a ruinous trade carried on by us [Tennessee], in importing foreign goods ... which debts are now Collected to the destruction of the community.” The paper also supported the directors in their effort to have their bank’s notes accepted by the Nashville Bank and state bank.¹⁰

The *Nashville Whig* took a more moderate approach to the distress. This paper was friendlier to the Overton banks, though it by no means exempted them from criticism. One editorial appeared signed “A Philadelphian,” in which the author complained of the *Clarion*’s support of debtors. He said that eastern creditors “only ask the payment of debts which are justly due them—which they would be justifiable in doing, independent of the extreme necessity.”¹¹

Former debts may have been just, but the *Nashville Whig* nevertheless supported reform of the state’s and nation’s banking system. “A Farmer” wanted a consolidated banking system.

¹⁰ *Clarion and Tennessee Gazette*, June 22, 1819, August 17, 1819, September 28, 1819, Microfilm, TSLA

¹¹ *Nashville Whig and Tennessee Advertiser*, July 3, 1819, Microfilm, TSLA.

This editorialist also argued that overtrading in foreign commerce had produced the distress. He said that banks operated to “withdraw specie from diffusive and general circulation; and its accumulation in the vaults of the banks, thereby rendering it more accessible to brokers and others, who wish to get hold of it.” The multiplication of banks in Tennessee had worsened the problem. State bank paper increased, its value decreased, and the price of property rose. Because bank paper could be used to pay domestic debt, but not foreign debt, price increases at home did not correspond to price increases of exports in foreign markets. “A Farmer” recommended that all state banks become auxiliaries of a national bank—“not a brokers office, such as is the present existing one, where private advancement ... is regarded, but a great national institution ... a bank ... where the government shall own a part of the stock, and each of the states a part proportioned to the strength of their population.” Paper money had become necessary to commerce. A public bank would restrain excessive issues and control fluctuations. Such a bank would reduce foreign consumption, encourage manufactures, and lessen expenditures.¹²

The General Assembly met in 1819 with relief and banking of primary concern. Many representatives had been elected on a relief platform, including Felix Grundy of Davidson County and Joseph Brittain of Bedford County. Relief candidates had been especially popular in West Tennessee counties, for Tennesseans had most recklessly speculated there. East Tennessee generally opposed relief, with Pleasant M. Miller again assuming lead of this faction. It should be noted that eastern opposition was not entirely consistent, for its representatives had

¹² *Nashville Whig and Tennessee Advertiser*, July 3, July 10, July 24, August 7, August 14, August 28, 1819, Microfilm, TSLA.

continually delayed interest payments on land sales due from settlers living south of the French Broad and Holston Rivers to the state.¹³

The relief faction demonstrated the persistent ambiguity in Tennessee between speculator and debtor. Here again the debtors who wanted relief had been speculators only a few years before, their speculations fueled by the state banks. Grundy's relief bill, entitled "An Act Regulating Proceedings on Judgments and for Other Purposes," attempted to provide debtor relief and banking support at the same time. The bill provided that no court clerk or justice of the peace could issue an execution on behalf of a creditor until two years following the judgment. The creditor could receive immediate payment, however, if he chose to accept notes of the state bank, the Nashville bank, or any of their branches. The eastern counties mounted feeble opposition, and the bill easily passed. Grundy also worked on behalf of the Farmers' and Mechanics' Bank. He chaired a committee that reported the bank's debts well-secured. He apparently intended to encourage the circulation of the bank's notes in Nashville, as the Nashville Bank and the branch of the state bank had heretofore refused to accept that bank's notes.¹⁴

¹³ See Sellers, "Banking and Politics," 66-67, for background on the election of 1819. For the partnership between Grundy and Brittain, see *Clarion and Tennessee Gazette*, January 11, 1820, Microfilm, TSLA. The chronic relief granted to the purchasers of land south of the rivers had become a point of contention with West Tennessee; see *Clarion and Tennessee Gazette*, December 2, 1817, Microfilm, TSLA.

¹⁴ Tennessee General Assembly, *Acts of a Public or General Nature, Passed at the First Session of the Thirteenth General Assembly* [...], session convened 1819 (Nashville: G. A. and A. C. Sublett, 1819), 44, TSLA; Tennessee General Assembly, House of Representatives, *Journal of the House of Representatives at the First Session of the Thirteenth General Assembly* [...], session convened 1819 (Nashville: G. A. and A. C. Sublett, 1819), 84-85, 245, 265-266, TSLA; Tennessee General Assembly, Senate, *Journal of the Senate, at the First Session of the Thirteenth General Assembly* [...] session convened 1819 (Nashville: G. A. and A. C. Sublett, 1819), 279-281, 286, TSLA. For the situation of the Farmers' and Mechanics' Bank, see *Clarion and Tennessee Gazette*, September 28, 1819, Microfilm, TSLA.

Miller stymied portions of Grundy's speculative program. He first introduced a measure that proposed to make bank stockholders liable in their real and personal property for redemption of bank notes if the bank refused to redeem them in specie. Such a bill threatened to destroy Grundy's effort to support bank paper, and it threatened to destroy the banks themselves. Because nearly all banks in Tennessee had suspended specie payments, including the Nashville Bank and Grundy's Farmers' and Mechanics' Bank, the bill amounted to a death sentence to all of Tennessee's banks, save one—the Bank of the State of Tennessee in Knoxville. Under the management of Hugh Lawson White, the state bank never failed to meet its obligations after the suspension of 1815, and it closed in 1828, not because of financial collapse, but because White was elected to serve in the United States Senate. Miller thus had no fear in proposing such a truculent plan. The ensuing debate revealed the contradictory factions within the relief coalition. One faction, Grundy among them, wanted to support the state banking system, while others wanted some sort of relief until a viable alternative to the present system could be devised. Grundy attempted but failed to soften Miller's bill by making the stockholders liable only for debts the banks would thereafter incur. Miller's version passed the House 20-14. Every member except three who voted against this bill had voted for the relief bill. Those who had voted against the relief bill now joined with the remnant of those who had voted for it in an attack against the state banking system. The assembly divisions bore a resemblance to those of the 1817 banking associations vote, in which the state concentrators had joined with a handful of anti-bank members in opposition. Now this group prevailed with the addition of some

disillusioned state unifiers of 1817. In the end the measure failed to pass the Senate, but hostility toward the old state banks would never abate.¹⁵

Miller also led a majority in securing occupancy rights to settlers living west of the Tennessee River. The land had been ceded by the Chickasaws to the state in 1818. During debate John Clack of Giles County introduced an amendment that provided for preferential entry to all current occupants. If any occupants because of their poverty could not obtain a warrant, then the speculator entering such lands was to compensate the occupant for all improvements. The amendment passed 21-16. Grundy joined several other relief members in opposition, while all but one of the relief opponents helped carry the measure. Grundy then proposed, not unreasonably, that no salt spring should be entered on an occupant claim, which proposal passed easily. Such speculative measures were apparently not enough for Grundy, as he joined three other members in futile opposition to the final bill. Perhaps because of these limitations on speculation, the bill passed by only one vote in the Senate. This episode later provided fodder for charges of corruption in the papers. Miller charged that Grundy's associate Joseph Brittain held a thousand-acre warrant and thus had voted against occupancy protections. Miller said that after Grundy rose to speak against the occupancy amendment, "Mr. Brittain seemed to have as much love and affection for Mr. Grundy, as housewives commonly have for their lords." Brittain responded, "I appear before you [the people] in the garb of a plain farmer; I may not be able to write so prettily and wittily as Mr. Miller, yet nevertheless if I tell the truth I must convince." He charged that Miller and Peter Kindall colluded to gain their own salt spring on the

¹⁵ Tennessee House of Representatives, *Journal of the House* (1819), 117, 132, 181-184, 268, TSLA. The voting similarities drawn with 1817 represent the general pattern. There were freshman assemblymen in 1819, but the panic had not caused a complete turnover of representation. See Tennessee House of Representatives, *Journal of the House* (1817), 245, 251-252, Hodges Library.

Chickasaw lands through unscrupulous legislative means. He assured the people that he had confronted them and had indeed used the word “rascality” to condemn their illicit gains, “and although it was a rough expression, yet it was ‘suited the word to the action.’” Wherever the truth lay, the protection of occupancy depended greatly on Miller, whose interest lay with the old banking system. Grundy, the relief candidate and enemy of the old banks, pursued the speculative course. The protections worked as intended. The land act gave occupants preferential rights for 160 acres, a precedent from which the state government never departed, except to raise the preferred amount to 200 acres in 1826. Even if speculators managed to win ejectment proceedings, the law guaranteed defendants the value of their improvements.¹⁶

Miller, on the other hand, joined with Grundy in keeping the credit system for land purchases. James C. Mitchell of Rhea County, a member of the House land committee, suggested that, instead of offering state lands at auction to the highest bidder, above a fixed minimum, an entry-taker’s office should be opened for the receipt of entries of all the lands subject to appropriation by the state. All land would be sectioned after the manner of the United States’ land offices. Occupants would be granted priority of entry for a price for a limited time, and if not claimed by the occupant, then the land would be subject to entry by anyone at the same price for a limited time. All lands entered within the first six months, whether by occupants or others, would be sold at a maximum price. Every six months, the price per acre would decrease

¹⁶ Tennessee House of Representatives, *Journal of the House* (1819), 249-251, TSLA; Tennessee Senate, *Journal of the Senate* (1819), 273-276, 283, TSLA; *Clarion and Tennessee Gazette*, January 11, 1820, February 22, 1820, Microfilm, TSLA; Thomas B. Jones, “The Public Lands of Tennessee,” *Tennessee Historical Quarterly* 27, no. 1 (1968): 25.

by \$0.25 or \$0.50 until a minimum of \$0.12½ was reached. The occupant would receive preference for a limited time at the beginning of each six-month period.¹⁷

Grundy, Miller, and most of the assemblymen rejected this proposal. They passed a law establishing a program of land sales for the Hiwassee District in southeastern Tennessee, recently ceded by Cherokee Indians. The program followed the credit system of the United States. Land would be sold at auction to the highest bidder for a minimum of \$2.00 per acre. Purchasers needed one-fourth of the price paid up front, with ten years' credit extended to them for the balance. Representatives and senators took no heed to occupant rights. Land sales in 1820 amounted to \$480,000, at an average price of \$4 per acre. The sum actually paid into the treasury amounted to \$250,000. Hiwassee District land sales became the foundation of the next proposal by the relief faction—a new Bank of the State of Tennessee.¹⁸

Relief measures failed to enliven trade. Discontent bubbled. Some believed that stopping executions on judgments had helped speculators while doing little for the poorer sort. Petitioners from Jackson County and Smith County argued that relief amounted to nothing more than interest legislation. Jackson County petitioners asserted that “amongst the poorer class of the people the general distress is pretty well Subsided—and that a stop Law or an Extension of the Stay Law would not have an Equal bearing on the people at Large—but would Injure the poor to the Bynifit of the Rich.” Petitioners from Hawkins County also opposed impeding contracts “for the sake of favoring a man, who has contracted debts, by embarking into,

¹⁷ Nathaniel Smith to Thomas Hart Benton, February 28, 1828, and James C. Mitchell to Thomas Hart Benton, March 29, 1828, in Asbury Dickins and John W. Forney, eds., “Operations of the Graduating System in the Sale of the State Lands in Tennessee,” *Document No. 671, American State Papers. Documents of the Congress of the United States* [...], Series 8: Public Lands, vol. 5, 1827-1829 (Washington: Gales and Seaton, 1860), 514-16.

¹⁸ James C. Mitchell to Thomas Hart Benton, March 29, 1828, in Dickins and Forney, “Operations of the Graduating System,” *Document No. 671, American State Papers*, Series 8: Public Lands, 5: 514-16.

frequently, wild and hazardous Speculations; who has branched out in business beyond his Capital.” The grand jury of Sumner County opposed more relief legislation. They asked, “Who ... will be benefited by such a law? Not the poor and needy. The debts due from them were of small amount, under the jurisdiction of a justice of the peace.” If a creditor had executed a judgment upon these small debtors, then their property had already been taken from them. They had been unwise, in the first place, to take on debt beyond their means of raising money without sacrificing property. Relief legislation now would encourage speculators in their recklessness. It would destroy the state’s credit, end lending, and extinguish commerce. These petitions asked for more equitable relief. Smith County petitioners said that “if ... anything can constitutionally be done to relieve the general distress so as to have an equal Bearing on all classes of society it will meet our approbation.”¹⁹

Tennessee’s banking policy had always been a response to strong demand for a circulating medium. Now that the panic had discredited the old banks, and the relief law had done nothing to regain that credit, new financial arrangements seemed necessary, even vital. Political enemies of the Overton group, those disaffected with the state banking system, and new politicians like Grundy began to propose the establishment of a loan office. Such an institution promised a departure from banking as it had been practiced in Tennessee to this point. One difference was that the loan office’s notes would circulate on the faith and credit of the government rather than on specie. Another difference was that a loan office could, in theory, better support farmers and boosters in their borrowing. The present banks in Tennessee had mainly lent to merchants. This practice supported farmers indirectly. Merchants with funds

¹⁹ Petition 18-1820-1, Petition 18-1820-3, Petition 52-1820-1, Tennessee Legislative Petitions, Microfilm, TSLA; *Nashville Whig and Tennessee Advertiser*, June 7, 1820, Microfilm, TSLA.

might make their capital active by depositing money in the bank and thereby increase the aggregate capital available for borrowing. Merchants who lacked funds might immediately apply to the bank for a loan and thereby be able to purchase farmers' goods. Banks issued notes that usually matured within 30 or 60 days. These short term credit transactions were generally safe and self-liquidating because they were based on the actual sale of goods. But Tennesseans hardly felt safe. The banks, it seemed, had aggravated the distress and drained the state of money. Farmers and boosters wanted more than passive support for their activities, if indeed the banks had supported them at all. They desired long-term credit—credit that would mature after months or years. In modern parlance, they wanted capital investment in fixed assets, such as real estate or internal improvements. The state banks had refused to accommodate these demands. Lenders believed that securing loans via fixed assets was too risky because the assets could not be easily liquidated. Land took a long time to sell; long credits increased the risks to default; the status of land titles in Tennessee made loans even riskier. These reasons were financially sound, but they had failed to meet the needs of needy borrowers. Safe monetary practices, more importantly, had not prevented or ameliorated the distress of the panic.²⁰

The loan office offered a new way toward improvement. Its supporters pointed to the state banks' unwillingness to lend to farmers. "One of the People" argued that a loan office would more effectively benefit agriculture and commerce. A loan office could meet the high demand among farmers for capital. He said that "the reason why farmers cannot borrow money to improve their farms, are obvious ... the existing institutions have not been willing to

²⁰ On the separation of short term credit and long term credit, see Bray Hammond, "Long and Short Term Credit in Early American Banking," *The Quarterly Journal of Economics* 49, no. 1 (1934): 79-85. On the reluctance of early American banks to lend on real estate, see Robert E. Wright, *Origins of Commercial Banking in America, 1750-1800* (Lanham: Rowman and Littlefield Publishers, 2001), 28.

accommodate, and even if they had, a loan for sixty days could not have been advantageous.” He believed that borrowers should be able to “obtain loans for considerable periods, and to be paid in reasonable instalments.” Only an institution with a sufficiently large capital could undertake such loans. Another editorialist argued that a loan office would save the people from unnecessary taxation and encourage internal improvements. A loan office operated by the state would issue interest-bearing notes. The interest would be received by the treasury, and the funds would “enable the government to undertake and prosecute with effect, extensive plans of improvement and public utility.” Rivers would be cleared, bridges would be built, seminaries would be funded, and progress would be assured.²¹

Supporters of the loan office embraced its potential to reinvigorate enterprise. One editorial said that opponents of the bank ascribed “birth of the bill to the uproar created by the broken traders of *Nashville*.” The writer did not deny the charge, although he did deny that Nashville alone suffered from the distress. He said that “we do not pretend to justify many of our citizens in all their ventures—we know however that be the result to themselves as disastrous as it may, the community derived much benefit from their enterprise, and the liberal prices they have for country produce encouraged farmers to raise it, and thus devote the time that would have been lost to idleness to much profit.”²²

Even opponents of bank paper placed their hopes in loan office paper. Some residents of Warren County who had decried how banks monopolized specie now signed their names to a petition demanding a loan office. They agreed with those in Jackson County and Smith County that stoppage of executions would not stop the distress. They wanted an extension of the

²¹ *Nashville Whig and Tennessee Advertiser*, July 5 and July 12, 1820, Microfilm, TSLA.

²² *Clarion and Tennessee Gazette*, July 18, 1820, Microfilm, TSLA.

circulating medium by the creation of a loan office, which “would not only give relief to the people in a great degree but produce such a revenue as would cause a diminution of Taxation and enable the State to make internal improvements.” The Grand Jury of Davidson County said that even men of wealth “are threatened with destruction, for the want of a proper circulating medium, and total inability to dispose of their real estate, and the fruits of their labor at fair prices.” Other petitioners from Davidson County believed that the present banking system had become intolerable. Echoing Miller, they called for bank stockholders to be held liable in their real and personal property for bank obligations.²³

Governor McMinn felt enough pressure to call for a special session of the legislature to meet during the summer of 1820. Support for the session came almost entirely from West Tennessee. West Tennesseans saw great opportunity. The western part of the state was in the ascendancy, and any new financial institution had greatest potential for business in Nashville. West Tennessee candidates overwhelmingly favored a loan office, both those who had favored relief and those who had opposed relief, those who had favored punishing bank stockholders and those who had opposed such punishment. Grundy once again ran and won as the supposed enemy of Nashville’s monied aristocracy; most West Tennessee candidates apparently followed this pattern, portraying a loan office as the best means to wrest control away from the old banking interests. Eight western assemblymen who had voted in 1817 on the banking associations bill kept their seats. All except one, Peter Kendall, supported the loan office. Kendall was the only one who opposed both the banks and the loan office. Three who had opposed the banks in 1817, namely William Earley, Robert Edwards, and William Locke, now

²³ Petition 22-1820-1, Petition 36-1820-1, Tennessee Legislative Petitions, Microfilm, TSLA; *Clarion and Tennessee Gazette*, May 9, 1820, Microfilm, TSLA.

joined former bank supporters Samuel Anderson, Hugh M. Blake, Littleberry Hughes, and Robert Jetton to support the loan office. William Young, one of only three East Tennessee candidates who supported the loan office, had been the national bank's staunchest defender in 1817. Others who had supported the national bank in 1817 and who now supported the loan office included Jesse Wharton, George W. Gibbs, and Andrew Hynes. The loan office coalition, in short, represented those who had sought to expand Tennessee's banking operations outside the cities of Nashville and Knoxville and those who had entirely distrusted the old banking system. The East Tennessee opposition was joined by five West Tennessee assemblymen. Pleasant M. Miller once again loomed as the most formidable opponent.²⁴

The General Assembly convened on June 26. McMinn's first address provided concrete recommendations for the loan office. His proposals appealed to the relief coalition as a whole. The office would be big enough to compete with the old banks and support a circulating medium, but it would operate under the exclusive authority of the legislature. It would have authority to issue state treasury certificates to serve as the circulating medium. The credit of the state government would support these certificates, and they would rest for their final redemption on land sales from the Hiwassee District, a section of land recently ceded by Cherokees and located in the southeastern portion of the state, and from ordinary tax revenue. Payment for land would be made in specie, so this last proposal aimed to make the scheme constitutional, in that the notes would ostensibly be tied to the constitutional legal tender of gold and silver. The loan

²⁴ *Clarion and Tennessee Gazette*, May 23, 1820, June 20, 1820, Microfilm, TSLA. Compare the votes from the banking associations bill in Tennessee House of Representatives, *Journal of the House* (1817), 251-252, Hodges Library, with the votes for the loan office in Tennessee General Assembly, House of Representatives, *Journal of the House of Representatives, at the Second Session of the Thirteenth General Assembly [...]*, session convened 1820 (Murfreesborough: G. A. and A. C. Sublett, 1820), 129, TSLA. The geographic division is manifest in this vote. The national unifiers identified here expressed their wish for a branch of the national bank in *Nashville Whig and Tennessee Advertiser*, February 7, 1818, Microfilm, TSLA.

office would have power to “establish as many subordinate branches ... as a due regard to the security of the institution and the equal accommodation of the people might require.” All Tennesseans would have reasonable access to loans.²⁵

Loan office supporters followed McMinn’s recommendations. Grundy, Young, and Anderson primarily shaped the charter. The loan office would be a public institution. The legislature, not stockholders, would appoint directors; indeed, stockholders were not needed because of the nature of the capital—public land sales plus the ordinary public revenue. The loan office was established “on the funds of the state for the purpose of relieving the distresses of the community and improving the revenue of the state.” Capitalization began at \$750,000, and was subsequently increased by Anderson to \$1,000,000 during debate. The parent bank at Nashville would receive \$600,000, and a branch at Knoxville would receive \$400,000. The office could issue notes in denominations between \$1 and \$100. In reducing the minimum denomination to \$1, legislators intended to meet the public demand for more money. The capital “shall be emitted on the credit and security of the borrowers.” Such provision apparently aimed to create equal opportunity in lending, as opposed to the parochial parsimony of the existing banks. Citizens could obtain loans upon bills of exchange, notes, and real and personal property. Payment in paper would be secured by endorsement, and payment in property would be secured by mortgages. Interest was set at 6%. Each county would obtain an agency, and each agency could fund loans in proportion to taxes paid by the county’s residents into the public treasury.

²⁵ McMinn quoted in White, *Messages of the Governors*, 1: 585.

No loan to an individual could exceed \$500. Prospective land sales from the Hiwassee District would support the bills' values and ensure final redemption.²⁶

East Tennessee representatives wanted nothing of this scheme. Their opposition arose from both interest and principle. All easterners did not want a new powerful financial institution in the western part of the state, especially one whose notes would circulate on the basis of revenue from the eastern part of the state. Some also feared the inflationary aspects of the loan office. Such considerations compelled Pleasant M. Miller to rise in vociferous opposition. He used several arguments. The existing banks could not accept the notes of the loan office without endangering themselves. The treasury certificates would therefore depreciate. Public money should only be used for purposes benefitting the public, such as education and internal improvements. Private use of public money was unjust because the benefits accrued only to the individual. Corruption would engulf the loan office. Its local agents would be tempted to appropriate disbursements for themselves. The loan office was unconstitutional, in that it would in reality issue bills of credit and make them a legal tender, which action by the states was expressly prohibited by the Constitution of the United States and the state constitution. Finally, the credit of the state would fail at the critical moment. Purchasers of land, when pressed to redeem their obligation, would ask and likely succeed in obtaining relief, thus destroying the value of the loan office currency.²⁷

A considerable number of West Tennesseans likewise opposed the loan office.

Petitioners from Sumner County gave several reasons for their opposition. A loan office would

²⁶ Tennessee General Assembly, Chapter 7, *Acts of a Public or General Nature Passed at the Second Session of the Thirteenth General Assembly* [...], session convened 1820 (Nashville: G. A. and A. C. Sublett, 1820), 9-45.

²⁷ Tennessee House of Representatives, *Journal of the House* (1820), 99-106, TSLA.

be unconstitutional because it would emit bills of credit, rather than making gold or silver the legal tender. The policy of currency expansion was bad too. Bills issued on any basis but specie encouraged danger. Such paper issues would give property an inflated value, simultaneously encouraging extravagance and discouraging investment in manufactures and sale of exports abroad.²⁸

West Tennessee's most ferocious yet enigmatic critic was Andrew Jackson. Jackson's opposition seems to have been the first time he took interest in Tennessee's banking policy. He perhaps still owned the Nashville Bank stock he had purchased in 1808. He certainly appreciated that bank's efforts to support him and his troops during the War of 1812. At that time Governor Willie Blount had ordered Jackson to march his division to New Orleans and await instructions from the national government. Considerable difficulty ensued. The troops could not be provisioned or paid because of the scarcity of a circulating medium. Government bond sales had been insufficient to cover these expenses. Jackson said that "application was made to the Nashville Bank, whose directors has made every exertion to procure the funds necessary and the indefatigable attention and industry of the Cashier, and clerk, has furnished as many post notes as will complete the payment of the Troops in a few days." He concluded, "the directors exerted every nerve and deserved that thanks of the government." He even suggested to Secretary of State James Monroe that Congress should establish magazine stores in every frontier state, asking "would not government find a great convenience in placing funds in the State banks, to enable the banks at all times to accommodate [state militias] in times of war[?]"²⁹

²⁸ Petition 61-1820-1, Tennessee Legislative Petitions, Microfilm, TSLA.

²⁹ Andrew Jackson to James Monroe, January 4, 1813, and Andrew Jackson to William Charles Cole Claiborne, January 5, 1813, in Smith, et al., eds., *Papers of Andrew Jackson*, 2: 351-352.

Jackson's opposition to the loan office seems to have arisen from opposition to that institution in particular. He was perhaps influenced by his political association with the Overton faction. Jackson had nothing to say during the bank mania following the war. His only action regarding banks before the panic came as military governor of Florida, when he transmitted a petition from citizens of Pensacola to Langdon Cheves, the president of the Bank of the United States, asking for a branch of the bank to be established in their city. His return to Tennessee coincided with the growing distress of the panic. Hard times no doubt reminded him of his own business ventures which had nearly ruined him. Just as he had met his obligations, he now believed that the only recourse to Tennessee's ills was a firm commitment to contractual obligations. Relief would beget more profligacy. Thus he wrote to William B. Lewis that "you know my opinion as to the Banks, that is, that the Constitution of our State, as well as the Constitution of the United States prohibited the Establishment of Banks in any state." Yet he also suggested that "the only way that the friends of the Bank can keep them in existence is to unite and put a Stop to the loan office law." Killing the loan office bill "might enable the Banks to lend more relief than this wicked law will do to the distressed." The loan office would bring commercial ruin. "No merchant will be credited abroad and every cent of current money will be shut up, this law destroying all confidence at home between man and man." It should be noted that Jackson's constitutional scruples did not prevent him from depositing his pay as a military officer in the branch of Hugh Lawson White's bank in Nashville, or from overseeing funds deposited in the bank for use in Indian treaties. Nor did it prevent him from sending funds from the parent bank in Knoxville to Andrew Jackson Donelson, his wife's nephew, for university

expenses. It was better, apparently, to utilize the unconstitutional outgrowths of a commercial society than to maintain strict republican independence.³⁰

Whatever his personal feelings on banks, Jackson, along with Edward Ward and several other citizens of Davidson County, delivered a scorching remonstrance to the state senate regarding the loan office. The remonstrance harangued the senators by reminding them that they had taken an oath to “vote without favor, affection, partiality, or prejudice ... or consent to any act to lessen or abridge their rights and privileges.” The loan office, the petitioners argued, was unconstitutional because it would violate the Constitution’s prohibition against the states using paper as legal tender, and because it would provide an unsafe currency not founded on specie. They also made pro-commercial arguments by arguing that banks “depress our manufactories by keeping up the high price of labour; and have produced the bankruptcy of many of our enterprising commercial adventurers, by raising the production of the country too high to make advantageous sales in markets abroad.” Banks disrupted the proper balance between trade and frugality. Jackson reinforced these sentiments by personally confronting several assemblymen and telling them that “any member who voted for [the loan office] would perjure himself, and that if the law did pass, twelve honest jurymen upon oath would convict those who voted for the measure of perjury.” Pro-loan office senators angrily laid this remonstrance on the table.³¹

Jackson’s push almost roused enough opposition. The third and final reading of the bill in the House passed 20-19; the final reading in the Senate, where the bill had always had more

³⁰ Catterall, *Second Bank of the United States*, 182; Andrew Jackson to William Berkeley Lewis, July 16, 1820, in Harold D. Moser, David R. Hoth, and George H. Hoemann, eds., *The Papers of Andrew Jackson*, vol. 4, 1816-1820 (Knoxville: The University of Tennessee Press, 1994), 378-379; Andrew Jackson to John Caldwell Calhoun, March 17, 1821, and Andrew Jackson to Andrew Jackson Donelson, May 2, 1822, in Harold D. Moser, David R. Hoth, and George H. Hoemann, eds., *The Papers of Andrew Jackson*, vol. 5, 1821-1824 (Knoxville: The University of Tennessee Press, 1996), 19-20, 177.

³¹ Tennessee Senate, *Journal of the Senate* (1820), 86-89, TSLA.

support, passed 11-5. In the House the three eastern representatives who defected from their geographic bloc carried the measure. The loan office was perhaps made more palatable when the Senate changed the name of the institution to the “Bank of the State of Tennessee.” Such a change aesthetically addressed the charge that the loan office was unconstitutional, in that a bank ostensibly had the constitutional basis of gold and silver as its currency, while a loan office issued unconstitutional bills of credit. The name also associated the loan office with Hugh Lawson White’s Bank of the State of Tennessee in Knoxville, which had a good reputation among Tennesseans. Henceforth White’s bank was styled the “old state bank,” while the loan office was styled the “new state bank.” Several directors chosen by the legislature declined to serve, including John McNairy and David McGavock. George W. Gibbs eventually gained the presidency, while Jackson’s friend John H. Eaton became a director.³²

Bitter arguments continued through autumn. “Hamilton” published a lengthy critique in the *Clarion*, declaring that the new state bank “is a monster so unnatural, it stands alone ... bearing some resemblance, however, to the many headed Hydra.” “Hamilton” repeated the argument that the loan office was unconstitutional because it issued bills of credit. Its notes, he continued, hardly deserved the name “bills of credit” because the state government had no credit whatsoever. The General Assembly had continually stripped money appropriated for the funding of schools and colleges. It had granted extensions to land speculators and occupants who could not meet their installment payments for their mortgages. “Hamilton” concluded that anticipated

³² The passage of the loan office can be traced in Tennessee House of Representatives, *Journal of the House* (1820), 49-50, 61-63, 65-73, 98-106, 119, 123-130, 148-156, 159-164, 168, 175-176, 184-186, 189-192, 193-196, TSLA, and Tennessee Senate, *Journal of the Senate* (1820), 45, 77-81, 84, 87-89, 97, 109-114, 118, 130-132, 135, TSLA; *Clarion and Tennessee Gazette*, August 8, 1820, Microfilm, TSLA.

revenue from land sales and the ordinary revenue made tenuous security for the redemption of the notes. Loan office notes would depreciate and fail to relieve the distress.³³

“Coriolanus” continued the attack in the *Nashville Whig*. “The hydra” had no secure basis for the circulation of its notes. The credit and security of borrowers was insufficient to redeem bills of credit. All notes and bills should be secured by true money—specie. The new state bank would not help farmers, mechanics, or merchants because the notes could not be used to liquidate debts contracted abroad. It would divert funds away from internal improvements. It dispensed the money of the public treasury for private purposes. “Coriolanus” pleaded with his fellow republicans to remember that Patrick Henry had opposed loan offices (he did not say whether Henry preferred specie-paying banks).³⁴

Supporters of the loan office had cogent response to these charges. Most defenders emphasized the new bank’s public nature. “Atticus,” who wrote in direct response to “Coriolanus,” said that the establishment of the new state bank represented “a contest between a public corporation, and two private ones, for predominance.” He argued that, although the new bank’s loans would be used for private purposes, the benefits would accrue to the public more generally than had the loans of the old banks, whose profits went to individual stockholders. The Grand Jury of Wilson County agreed with “Atticus,” celebrating the establishment of “an institution founded on the public funds, and the issuance of paper currency so well secured that its holders could not become losers by its depreciation; the profits of which institution were to belong to the citizens at large, and not to a *few stockholders*.”³⁵

³³ *Clarion and Tennessee Gazette*, October 31, 1820, Microfilm, TSLA.

³⁴ *Nashville Whig and Tennessee Advertiser*, September 12, 19, 26, October 1, 10, 17, 24, November 22, 29, 1820, Microfilm, TSLA.

³⁵ *Nashville Whig and Tennessee Advertiser*, October 10, 17, 31, November 15, 1820, Microfilm, TSLA.

New bank writers made brilliant defenses against other charges. One correspondent believed that it was a point in the bank's favor that its notes could not be used to pay foreign debts. Excessive importations had drained the state of money and led to the distress. As for the old banks, "they have ruined the country to build towns—and ruined the towns, to import goods they have produced a monied aristocracy which makes the rich more rich—and the poor more poor." By limiting the amount that the bank could loan to a single individual, the legislature had assured that loans would be diffuse, rather than concentrated in the towns. The writer also pointed out that the old banks could not redeem their notes in specie, making the new bank no different in practice from the old ones. Other writers emphasized this last argument. One editorialist said, "Those now inimical to the bank pretend that it will not have money on hand to pay the notes it will issue. This must be a wonderful discovery! Where is there a bank in the state that has specie to pay the demands on it?" The new bank, alternatively, would create a more robust capital and provide a sufficient circulating medium. "Brutus" likewise said that the old banks were not founded on specie capital. These writers were correct, for the former bank charters had usually allowed commencement of operations with only 10% of the capital stock actually paid. The new bank, said "Brutus," was "strong as Sampson; as generous as a Lion; as keen eyed as an Eagle," while the old banks were "vultures of prey; the oppressors of the unfortunate; the widows curse; the orphans enemy."³⁶

Opponents of the loan office had it right in the long run. The new state bank could offer nothing new. Anticipated revenues from Hiwassee lands had little basis in reality. During this very session the legislature received a petition from Hiwassee settlers asking for relief from their

³⁶ *Clarion and Tennessee Gazette*, October 10, 1820, November 14, 1820, Microfilm, TSLA.

obligations to the state. They said that “very few if any commodious settlements can be obtained without the purchase of such a quantity of poor Land that the wealthy wil not and the poor cannot purchase on which they can support their Familys.” The new bank’s paper was destined to depreciate. Its public character gave little incentive for its directors and agents to run it properly. Mismanagement and corruption would overcome the bank in time.³⁷

The new bank’s financial insufficiency almost immediately manifested. Its loans could not keep pace with demand. Opponents took full advantage. One writer said that legislators had mistakenly believed that the cause of the distress had been the withdrawal of currency by all the old banks. The loan office now issued paper in abundance, and “the effect of the remedy, now palpable, is an aggravation of the disease.” Prices had increased and investment had become more difficult. Supporters of the new state bank found it difficult to refute these arguments. “Common Sense” defended the new bank mainly by recalling the “privileged orders” of private interest that prevailed in 1815 and 1817 and asserting the superiority of the new bank’s public character. He did not defend the bank’s balance sheet, its loans, or the general state of trade. He blamed the old banks for keeping their notes in circulation rather than allowing the new state bank to assume their obligations. The notes would return to their par value, and the old banks could end their business.³⁸

The panic, the relief measures, and the depressed business of the state’s financial institutions made for an intense gubernatorial campaign in 1821. Two new candidates would vie for the governorship, as McMinn had served the maximum number of consecutive terms allowed under the state constitution. Edward Ward was an educated and wealthy planter, a former

³⁷ Petition 72-1820-1, Tennessee Legislative Petitions, Microfilm, TSLA.

³⁸ *Nashville Whig and Tennessee Advertiser*, May 9, 1821, and *Nashville Gazette*, July 7, 1821, Microfilm, TSLA.

member of the state senate, and a friend of Jackson, who supported him throughout the election. Ward had run for governor in 1819 and now returned with his formidable political experience. His opponent William Carroll was a merchant, the owner of the first steamboat to tread the rivers of Tennessee, and an accomplished military officer. He had served under Jackson during the War of 1812, and his fame in Tennessee was second only to Jackson because his unit had withstood the brunt of the British attack at New Orleans. Carroll was successful in business both before and after the war, but his ventures had collapsed during the panic. He ran as the people's candidate.³⁹

Both candidates issued circulars in the newspapers declaring their platform. Ward's platform was both politically inept and pessimistically idyllic. He said that the people and their legislators had believed that "the monied institutions not discounting with sufficient liberality, was the cause of the distresses that prevailed; and to remedy the existing evils, established a '*State Bank*.'" He questioned the efficacy of the new state bank, saying that "I am certain, that no increased emission of paper currency beyond the point at which it will maintain its correct value, can be of service to the community." A large emission of paper money might enable the debtor to extricate himself from difficulties, but it did injustice to the creditor, and hampered development. He said that "it will be perceived that I am no great advocate for Banking institutions of any sort," though he allowed that some good might result "by enabling the mercantile class to anticipate their funds, give a spur to industry, and activity to other pursuits." Farmers, however, "can never trade with banks but to their injury and loss." Ward then recommended that all state banks be consolidated into one institution in order to end ruinous

³⁹ Hamer, *Tennessee: A History*, 1: 235-237.

competition. After all, banks acted in their interest, just as private mercantile firms sought to undermine their competitors. This platform probably managed to alienate several factions—those who had sought relief from the new state bank, those who sought investment from the new state bank, and those who wanted a diffusion of credit access. In short Ward alienated those groups that had the heaviest influence on Tennessee’s banking policy. He alienated them further by having the temerity to blame the distress on the extravagance of the people. He said that “formerly the young men of the country toiled in the field with their fathers for the support of the family; the daughters too engaged in spinning and weaving, and other branches of housewifry, and thro’ these means many things were done which saved expense, and brought in money to the family.” Families had become too dependent on their luxuries, especially foreign luxuries. Trade should be restricted to discourage dissipation. Household manufactures should once again prevail. He said that “in former times when simplicity and economy prevailed, each [family member] in articles of dress, expended say fifty dollars; in these times of fashion and extravagance, it is no unreasonable assertion to make, that double this amount is wasted on dress and in the altered modes of life.” The implication was clear. The people at large should practice economy, allowing those in the towns to handle commercial exchange. Ward concluded with calls for internal improvement and a strengthening of manufacturing, but they contrasted with his main message that the time was returning when “men will learn to be contented with moderate gain.”⁴⁰

Carroll’s circular proved politically adept, in that it played to the public angst yet remained optimistic in tone. He focused his attacks on the old state banks. He made no mention

⁴⁰ *Nashville Whig and Tennessee Advertiser*, June 6, 1821, Microfilm, TSLA.

of the new state bank. He blamed the severity of the distress on the sudden increase of the circulating medium and its sudden contraction by failure of many institutions. This former director of the Farmers' and Mechanics' Bank said that "I cannot, in candour, conceal, fellow citizens, that I am no friend of banks. I have watched their progress—I have seen their operations, and I think we would ... have done better, if we had never seen one in the state." Nevertheless, the banks had been established, and their sudden destruction would injure the people. He concluded, "In mercy, then, to ourselves, we should permit them to proceed in their operations, keeping at the same time a watchful eye on their every act.—One thing is certain however, that, for the purpose of having a sound currency it is essentially necessary that all those institutions should keep constantly in view, the resumption of specie payments, as soon as the state of the country will permit." Carroll did not pine for the old days of simplicity, nor did he berate the people for their extravagance, but rather said that "the picture of our distresses in a general point of view, is by some too strongly drawn." He called for industry and frugality with the aim of encouraging material progress: "Let us not look back too much at the precipice over which we have passed—let us look forward—there is a goodly prospect before us—we are free—we have a fruitful soil—a healthful climate—and most of us hands that are accustomed to toil. Some of us were born poor, and have acquired an independence, and we can maintain it if we have it, or if we have lost it, we can acquire it again." To aid this enterprise Carroll proposed a general education system and state-sponsored internal improvements. In America all could aspire to the "first offices" through "integrity, talents, and industry."⁴¹

⁴¹ *Knoxville Register*, July 3, 1821, Microfilm, TSLA.

Many Carroll supporters looked favorably on enterprise. “Commentator” in the *Nashville Whig* found it ridiculous that Ward, who claimed to be no defender of banks, also claimed that no difference existed between banks and mercantile firms. “Commentator” said, “then it follows, if there be no difference between Banks and mercantile firms ... we must suppose him not very kindly disposed towards mercantile firms, and consequently an enemy to commerce.” Moreover, since Ward said that farmers could never trade profitably with a bank, then they could not trade profitably with merchants either. The very characterization of competition was ludicrous because “the directors are blamed if they withhold loans, and they are denounced if they increase their accommodations.” “Commentator” also criticized Ward’s proposed suppression of foreign trade. Perhaps alluding to Carroll’s ventures, the writer said that “the Steam-Boat is an American invention; though now, in consequence of the intercourse which exists between us and foreign nations, it is used on all the principal rivers of Europe; and had no intercourse existed, that portion of the world would still have been without the important benefits resulting from this invention.” Farmers benefitted from trade; otherwise, “it would be to no purpose that our farmers rear more produce than domestic consumption requires.”⁴²

Other writers reinforced Carroll’s industrious virtues, many by satirizing Ward. “W. D.” called Ward’s consolidated bank a “double headed monster” and said, “vote for the wel educated college bred gentleman, born to a large fortune, and imported from the country [Virginia] which has always been remarkable for distinguished statesmen and fleet race horses, and who is willing to direct both the politics and finances of your state.” Another writer, sarcastically styling himself “A Big Fish,” said that he would not vote for Carroll because he was an “upstart” who

⁴² *Nashville Whig and Tennessee Advertiser*, June 27, 1821, Microfilm, TSLA.

went over the heads of the nobility and had attained success without patronage. Most importantly he claimed, “I will not vote for him because he *was broke*, and because the impudent fellow *wont stay so*.” Others found Ward’s call for simplicity galling, precisely because of his wealth and comfortable status. “Rumford” said that “I cannot, for the life of me, teach my household economy, but I know they will pattern after so great and so learned a man as Col. Ward.” Disgust ran deep against Ward who, as it seemed, believed that commerce and investment should be the purview of a select few in the large towns, while the common sort were expected to live in austerity.⁴³

Debtor interests constituted another bloc of support for Carroll. Debtors, or at least those who claimed to speak for debtors, were enraged at Ward’s proposal for speedier judgments on debts. The *Clarion* especially emphasized this issue, which became all the more aggravated when the state supreme court overturned the relief law during the summer. In the *Nashville Whig* “Annotator” said that government had always had nothing to give the debtor, but it always had much to give the creditor. If no relief could be had, then, he said, “the property of ninety-ninths of the community is to be sacrificed, in order that a few misers who have hoarded up specie may glut their avarice.” Even as a debtor, “Annotator” found Ward’s lack of enthusiasm for internal improvements troubling.⁴⁴

Most attacks against Carroll redounded to his benefit. Ward supporters attacked Carroll’s political inexperience, his supposed prodigality, and his unseemly ambition. “Philocles” admired the courage of Carroll, but, he said, martial skill could not replace “the place of solid wisdom,

⁴³ *Knoxville Register*, July 17, 1821, Microfilm, TSLA; *Clarion and Tennessee Gazette*, July 4, 1821, Microfilm, TSLA.

⁴⁴ *Clarion and Tennessee Gazette*, July 9, 1821, Microfilm, TSLA; *Nashville Whig and Tennessee Advertiser*, July 4, 1821, Microfilm, TSLA.

cool and cautious reflection, long experience, and an extensive knowledge of the moral causes that influence the conduct of men.” He concluded “this is a species of wisdom that camps cannot furnish, nor boys acquire.” Such haughtiness hardly needed a reply from Carroll partisans. They needed only to parade these accusations in the newspapers. “A Militia Man” argued that Carroll’s military career affirmed his readiness for responsibilities, having been appointed brigade major of the army by Jackson. Carroll’s ambition, moreover, was of the kind that impelled individuals to greatness and virtue. The Grand Jury of Montgomery County resolved to support Carroll in the election because of his military service and faithfulness in fulfilling his duties. Stellar military service made Carroll’s appeal insurmountable.⁴⁵

What should have been the most effective attacks against Carroll failed to make any impression. “A Voter,” probably from East Tennessee, described Carroll’s history in supporting banks and his recent support of the relief effort. He said that the people were more concerned with removal of the agencies, which they believed “is but another word for withdrawing the money too ... if for no other purpose ... of centering the capital of the whole country at two or more places—say Knoxville and Nashville.” “A Farmer’s Son” likewise pointed out Carroll’s previous involvement in state banks. General perception allowed Carroll, as the people’s candidate, the benefit of the doubt in these matters.⁴⁶

Tennesseans voted for development. Carroll won the election 41,044-11,171. The panic two years before had certainly shaken the people’s faith in the old state banks. It seemed that they could no longer support prosperity. A stay law and a loan office offered hope to lessen the

⁴⁵ *Nashville Whig and Tennessee Advertiser*, July 18, 1821, July 11, 1821, and July 25, 1821, Microfilm, TSLA.

⁴⁶ *Nashville Whig and Tennessee Advertiser*, May 9, 1821, Microfilm, TSLA; *Knoxville Register*, July 10, 1821, Microfilm, TSLA.

distress. Many debtors, however, looked for new prospects, and they listened to Carroll's encouragement that "if we have lost it, we can acquire it again." They believed that the loan office could provide support for enterprise and infrastructure throughout the state. They wanted capital which the old banks had failed to provide. Opposition arose because of ever-present sectional jealousies between East Tennessee and West Tennessee. Some in the opposition, like Pleasant M. Miller, had reasonable concerns that banks operating outside the towns of Nashville and Knoxville, where most commercial transactions took place, would create ruinous debt. Tennesseans were too restless for such limitations. They yearned to improve their livelihoods through commerce and investment. In 1821 they elected a governor whose example exuded ambition, determination, and industriousness.⁴⁷

⁴⁷ *Nashville Whig and Tennessee Advertiser*, August 22, 1821, Microfilm, TSLA.

Chapter 5

Jacksonian Producers

Tennessee experienced a slow recovery during the first half of the 1820s. Legislators, editorialists, and petitioners crafted recommendations to enliven commerce. All complained of the scarcity of money. Banks, somewhat unfairly, garnered the blame. Voters expressed their disapproval of the banks' conduct by electing new representatives in the General Assembly and by electing Carroll as the "people's candidate" for governor. These new politicians unified in their belief that all state-chartered banks must resume specie payments. This program placed them at odds with the remaining members of the Overton faction and any others still interested in the state banks, for the financial pressure that resumption would bring might be disastrous. Resumption supporters differed over how to best promote prosperity, and whether to utilize banks in this aim. At first many wished that the new state bank would provide more capital. The bank's inadequate funding quashed this hope. Three other proposals gained credence. The first involved private banking, in which the institutions would operate without legislative sanction. The second involved repeal of the foreign bank tax of 1817 and the entry of the Bank of the United States into Tennessee. Planters and merchants took the most interest in this debate because it involved the mechanism by which their produce would reach market. The third involved ridding the state of banks in favor of state funding of internal improvements or legal reforms to lower entry barriers to trades and ensure remuneration of labor. Even if anti-bank, these proposals sought pro-commercial ends. Internal improvements and legal reforms appealed

to the middling sorts who found themselves on the edges of the commercial world. Internal improvements appealed to East Tennesseans, who remained geographically isolated. Legal protections and reforms appealed to mechanics and small merchants looking to establish their livelihoods. Legislators paid less heed to these requests, at least for the time being. But a fundamental belief in commerce's benefits remained. If Tennessee was not to have banks, Tennesseans still sought to make their state one in which commerce gave a spring to agriculture and enabled consumption.

Once he assumed office, Governor Carroll recommended definite hard money policies. His policies made sense given the precarious state of the banks. Allowing them to continue unsound business would only worsen matters. He rejected property laws that would compel creditors to take property in payment of debts, arguing that the Constitution made only gold or silver legal tender in payment of debts. He also rejected arguments to expand paper currency. Such issues would find their natural levels without chartered, privileged banks. He said that "the commerce of a state will always command the quantity or amount of circulating medium necessary for it." Excessive note issues had depreciated note values, increased commodity prices, and made the paper worthless for exchange outside the state. Carroll's conclusion resonated with his voters, who remained angry at bankers and speculators: "the cultivation of industrious habits and the practice of rigid economy are the only means by which individuals generally can be relieved from pecuniary embarrassments." He recommended passage of a law setting a date for resumption of specie payments by the banks.¹

¹ Carroll quoted in Robert H. White, *Messages of the Governors of Tennessee*, vol. 2, 1821-1835 (Nashville: The Tennessee Historical Commission, 1952), 6-9.

Resumption quickly passed. Voters' elections of new representatives and senators produced change. The candidates, said one commentator, had used "the ordinary cant of the electioneering raider against Banks who wishes to ride into office upon the excited feelings, and sudden zeal of the people against an evil which all alike deplore." Raiders they may have been, but their depredations aimed only to raze the current banks. Their leader in the House was Andrew Erwin of Bedford County, a planter, merchant, and speculator, a general foe of the Overton faction, and a particular foe of Andrew Jackson. Erwin introduced the resumption bill in the House. All banks, including the new state bank, would be required to pay specie. Resumption under present economic circumstances, as its sponsors knew, would place Tennessee banks under tremendous pressure. Even the new state bank suffered from slow land sales, and it lacked the means to meet its obligations. Grundy and the bank's other supporters reached a compromise date with the Erwin group, setting resumption on April 5, 1824. The bill became law with Senate approval. Carroll's hard money precepts signaled his approval as well. His animus against the old banks of the Overton faction stemmed from his days as a director of the Farmers' and Mechanics' Bank. Later the legislature delayed resumption until 1826.²

Legislators considered two other major proposals related to banking and the currency. First, the assembly added new obligations to the new state bank by instructing its directors to issue \$50,000 in denominations of less than \$1. The law was intended to supply money for daily transactions. Second, the assembly entertained proposals for a new state constitution. Economic

² Tennessee General Assembly, Chapter 43, *Acts Passed at the First Session of the Fourteenth General Assembly* [...], session convened 1821 (Knoxville: Heiskell and Brown, 1821), 51-52, TSLA; Joseph Howard Parks, *Felix Grundy: Champion of Democracy* (Baton Rouge: Louisiana State University Press, 1940), 147-150; Tennessee General Assembly, House of Representatives, *Journal of the House of Representatives, at the First Session of the Fourteenth General Assembly* [...], session convened 1821 (Nashville: George Wilson, 1821), 239, 257, 284-289, 292-294, 323-324, TSLA.

stagnation energized this movement. A new constitution did not pass until 1834, but a few proposals indicate sources of discontent. Another newcomer, Senator Theoderick F. Bradford of Bedford County, introduced the resolutions. First, reformers wanted an increase in the number of representatives and senators in the General Assembly. Second, they wanted to overhaul taxation rates. The state still taxed land at a uniform rate per 100 acres. This system had always benefitted speculators, but it made some sense when most of Tennessee land remained unimproved. Now, however, owners of the most valuable town lots and plantation lands paid the same rate as those of the poorest, most unproductive lands. Third, advocates wanted to prohibit the incorporation of banks, composed of directors whose private property was not liable for payment of the bank's debts. This last proposal was another shot at the old state banks. Bradford was no hard money man; he later voted to allow private banks to operate in Tennessee.³

Bank discipline and currency expansion reflected the will of the voters. Sound banks could meld these practices into healthy issues of credit. Tennessee banks, overextended as they were, could not do both. Since the state banks had suspended, Tennessee currency circulated at a fraction of its face value. It was almost worthless outside the state, as noted by Carroll. Tennesseans holding state currency thus faced a heavy premium when acquiring eastern notes or specie to pay for goods shipped from Philadelphia, New York, or New Orleans. Stockholders in the Carthage branch of the old bank complained that "the paper received by your memorialists for causes unknown, but certainly not chargable to them, cannot be converted into specie, or pay a foreign debt without a loss of twenty five per cent." Voters expressed their displeasure. Merchants from Nashville petitioned the legislature to address the high exchange rate.

³ Tennessee General Assembly, Chapter 51, *Acts* (1821), 58-59, TSLA; Tennessee House of Representatives, *Journal of the House* (1821), 395-397. The arrival of private banking in Tennessee will be discussed below.

Memorialists from Maury County objected to the influx of bank notes throughout the state. They argued that “in all countries that have emitted paper it has depreciated and been scaled and reduced to the standard value of the precious metals.” These petitioners urged a return to first principles and moral integrity. They said that “a general disgust has burst forth against those legalized frauds and the nation would rejoice to see a course taken that would compel all to gain their substance by honest labor.”⁴

A return to first principles apparently involved strengthening the new state bank and expanding its currency. The Maury County petitioners lauded the bank’s public nature. They argued that “[the bank is] produced on different principles (viz) the emmolments [sic] of the one goes to the state of the others [the old banks] to privileged companies.” The old banks, artificially enriched by the privileges granted by their charters, promoted trade at the expense of the citizenry. The new state bank could assure an equal circulation of money for everyone’s pursuits. The petitioners said that “could the legislature devise the circulation of smal [sic] change it would be an accommodation to the citizens and particularly to travelers and innkeepers.”⁵

Lack of money was ubiquitous. Certain citizens of Cocke County in East Tennessee said that “from the decline of commerce and the consequent, almost total disappearance of a Circulating medium particularly as to the inferior Classes of the Agricultural Portion of the People, we presume the oldest of your Honorable Body never witnessed as great and as general pecuniary embarrasments [sic] as at present exists.” They accurately assessed that East

⁴ Petition 136-1821-1, Petition 167-1821-1 and Petition 155-1821-1, Tennessee Legislative Petitions, Microfilm, TSLA.

⁵ Petition 155-1821-1, Tennessee Legislative Petitions, Microfilm, TSLA.

Tennesseans suffered more from this situation because they, unlike the West Tennesseans, did not have staple crops like cotton that could be exchanged for money. They asked for temporary relief from government taxes. This petition hinted at a problem that would hinder East Tennessee's development until after the Civil War. Tennessee's mountainous region could not support staple agriculture, especially cotton, and it did not provide efficient means to get produce to market. It needed other economic sectors to create economic dynamism. Whether such sectors would emerge depended in part on the contemporary arguments over banking.⁶

Another group of petitioners asked that the new state bank perform the dual purpose of inflating the currency and providing long-term credit. Gold and silver could not be acquired and low prices for produce and labor prevailed under the current conditions. The petitioners thus asked for an additional issue of \$1,000,000 in new state bank bills and relief from state taxes. They said that the notes "be loaned out at the rate of six percent per annum for twelve months ... as loans for a shorter period is but [laborious] placed as we are." Supporters for the bank still hoped to find relief from personal debts and investment for personal improvement.⁷

Citizens of Franklin complained about the lack of small change. They wrote, "the specie change, formerly so plenty in our country, on account of the great difference in the value of specie and our common currency, has been almost entirely withdrawn from circulation without leaving any proper substitute." They had resorted to using out-of-state bills. They wanted the General Assembly to authorize the mayor and aldermen of their town to issue promissory notes under \$1.⁸

⁶ Petition 32-1821-4, Tennessee Legislative Petitions, Microfilm, TSLA.

⁷ Petition 153-1821-1, Tennessee Legislative Petitions, Microfilm, TSLA.

⁸ Petition 150-1821-1, Tennessee Legislative Petitions, Microfilm, TSLA.

Petitioners from Giles County wished to eschew the old and new state banks. They wrote the General Assembly of their willingness to accept the notes of a new, private mercantile firm called Yeatman, Woods, and Company in payment of debts or for any merchandise or produce that they sold. The state banks' currencies had depreciated and could not support commerce. Even during the good times, their commitment to short-term credit failed to satisfy the needs of the community. The petitioners argued that "the present augmented productions and commerce of our state did never more need an augmented circulating medium to add vigor to our agricultural professional and commercial pursuits," and that "the cautious policy heretofore pursued by the incorporated banks of the state will afford if persevered in but little facilities to those great interest[s] of the country."⁹

Yeatman, Woods, and Company's prestige came from its good reputation, not from legislative charter. Thomas Yeatman arrived in Nashville in 1810 to operate as a commission merchant. The brothers Joseph and Robert Woods, having operated a commission partnership at the mouth of the Cumberland River, arrived in town a short time later. Their firms remained separate at first. They received and forwarded various goods and their ventures met with success. Perhaps because of the boom times following the War of 1812, they formed a new partnership, built a warehouse, and purchased several steamboats to enlarge their exchange in cotton, tobacco, and eastern goods. This was the state of the firm when the Giles County petitioners wrote to the General Assembly in 1821. No action seems to have been taken by the legislature. Although not involved directly in politics, Yeatman was son-in-law to Andrew

⁹ Petition 63-1821-1, Tennessee Legislative Petitions, Microfilm, TSLA.

Erwin, and his firm represented an alternative to state banking interests. These undercurrents would emerge in short order.¹⁰

Though complaints abounded, the banks had marginal success in alleviating economic hardship. Funds were available for a price. Christian Dycke, for example, petitioned the legislature concerning his father, Henry Dycke. According to Dycke, his father “became somewhat embarrassed in his circumstances and was compelled to borrow money to save his property from total sacrifice.” His loan of \$600 came from the branch bank of the old Bank of the State of Tennessee at Jonesborough. He gave as his securities Hugh Carter and John Snapp and executed a mortgage for them for four parcels of land in Greene County. Henry died before the loan was repaid, Carter and Snapp sought to foreclose the mortgage, and Christian wrote the legislature in an effort to keep 58 acres of the mortgaged land that had been inherited from his father. The bank loan carried a price, of course, but the problem came from Henry’s death rather than the oppressive nature of the loan itself. Banks provided a last resort to individuals who faced ruin or a sacrifice of property. Foreclosure was probably done as a last resort too, for it was often difficult to sell even valuable real estate. John M. Preston, for example, complained to the legislature that he could not sell 53 acres of salt land and thus the taxes on the land would soon amount to more than its market value. Other than these small loans, however, the state banks could not develop facilities for long-term credit.¹¹

Petitioners from Bledsoe County felt the paradoxical effect of banks, finding in them a source of credit but also a source of indebtedness. They wanted a paper currency founded on

¹⁰ W. Woodford Clayton, *History of Davidson County, Tennessee, with Illustrations and Biographical Sketches of its Prominent Men and Pioneers* (Philadelphia: J. W. Lewis and Company, 1880), 203, Hodges Library; Sellers, “Banking and Politics,” 77-78.

¹¹ Petition 55-1824-1 and Petition 15-1832-1, Tennessee Legislative Petitions, Microfilm, TSLA.

better principles. They said that “we have a few hundred dollars Loaned to us by the bank and when discount days come round to Renew our notes we stand in need of another bank to Borrow money from to pay up the call and Interest of the first Bank.” The source of their trouble lay in the prices of their produce. Nothing would bring cash. The petitioners also outlined a plan to ease the cash shortage involving the new state bank. They proposed that the state construct public warehouses in each county, where citizens could take their produce in exchange for a voucher. At present, argued the petitioners, planters and farmers had to sell at whatever price prevailed when their produce reached market. “This is not the case with your bank,” they said, “you are allways able to command a price by waiting untill you can obtain your price.” Profit would then be assured for all parties—the agents and banks would profit from commissions and exchange, and the farmer would receive remittance from the bank via the voucher. The petitioners believed that this scheme would make lands valuable, increase immigration, and bring sound currency—gold, silver, and notes of the Bank of the United States—to Tennessee.¹²

Even the new state bank, the relief bank, could not provide long-term credit or a circulating medium. Roger B. Sappington, for example, asked that the legislature authorize the bank to loan him \$2,000 for a period of 1-3 years. Sappington owned a farm near Nashville and operated grist mills and a distillery. These improvements provided services “greatly useful to the neighborhood,” but the panic had turned strain to distress. He said that “the difficulty of selling property to raise money is almost insurmountable.” The drafted bill proposed to loan him the requested amount, with one-half to be paid with interest at the end of one year and the other half with interest to be paid on April 1, 1824. This bill was ultimately rejected. Another petitioner,

¹² Petition 9-1825-1, Tennessee Legislative Petitions, Microfilm, TSLA.

John Lawry of Blount County, requested a loan of \$1500, with use of the loan until April 1, 1824, and renewable at the discretion of the bank after that date. This too failed.¹³

Industrialists, like agriculturalists, found long-term credit lacking for their ventures. A Dickson County industrialist named Montgomery Bell applied to the new state bank via the legislature for a loan to expand his operations. Bell was born in Chester County, Pennsylvania, and spent his youth around the vibrant iron industry of that locale. He had moved to Lexington, Kentucky, in 1789, where he learned how to select sites for mills to harness water power. He came to Montgomery County, Tennessee, in 1802 to manage the Cumberland Iron Works, established by James Robertson in 1793. By 1804, Dickson County had been created out of Montgomery County, and Bell purchased the firm outright. Bell manufactured munitions for Andrew Jackson's troops during the War of 1812 and expanded his operations after the war. In 1820, following the panic, he sold the Cumberland Iron Works for \$50,000.¹⁴

Bell sold out in an effort to raise capital for other interests. One potential investment involved a site he owned on the Harpeth River between Nashville and Franklin. In his petition Bell said that "to erect such works as could be successfully and profitably erected at said Scite would require a capital much more extensive than your memorialist has at command, or at least the erection of proper works on his own capital would require the tardy delay of many years." He asked for a loan of \$12,000, and an additional \$12,000 after 6 months. He wanted these funds for 6 years, paying interest annually, with the loan secured by mortgages on improved real estate. The committee that considered Bell's petition acknowledged the merit of his plan, but its

¹³ Petition 60-1822-1, Tennessee Legislative Petitions, Microfilm, TSLA.

¹⁴ Robert E. Dalton, "Montgomery Bell and the Narrows of the Harpeth," *Tennessee Historical Quarterly* 35, no. 1 (1976): 1-6.

members said that “it is unsafe and unwise for this Legislature to exhaust the resources of the Bank of the State of Tennessee by large Loans of money upon any security whatsoever,” because of the coming resumption of specie payments. The new state bank had too little funds to support agriculture or manufacturing.¹⁵

Robust investment was an impossibility for the new state bank. The value of its notes ultimately rested on Hiwassee District land sales, which remained slow. They were so slow, in fact, that legislators changed the district’s land purchase system. In 1820, the first year of sales, the amount received by the East Tennessee treasury was \$250,000, a quarter of the bank’s capitalization. By 1828, the sum reached about \$500,000. Funds available to the government could not redeem the bank’s paper. Nor was the Hiwassee District during these early years productive. Legislators’ failure to secure occupancy rights in 1819 depressed industriousness. District residents found that they could not purchase land under the credit system, and they became tenants to landlords. Some residents believed that nine-tenths of the people living in the Hiwassee District were poor, yet land had gone to speculators. They claimed that “landed property fall into the hands of the few, the majority have to rent on any terms the landholder please terms are always hard the tenant has no land to improve ... he sees an insurmountable barrier to his ever becoming a landholder and unable to school his children.” Other Hiwassee residents faced similar circumstances. One group said that “at the time of the land sales of this district money was moderately plenty and could be procured by the Industrious part of the Community.” The first settlers had been forced to give up their possessions or purchase their

¹⁵ Petition 47-1822-1, Tennessee Legislative Petitions, Microfilm, TSLA.

land. Those who had remained faced installment payments that they could not sustain and they asked for relief.¹⁶

Conditions eased for some Hiwassee District residents later in the 1820s. In 1823 the General Assembly ended the credit system for land purchases for the district. No longer would land be auctioned to the highest bidder, beginning at a minimum price of \$2.00 per acre. The graduated system took its place, exactly as James C. Mitchell had proposed in 1819. Pressure from constituents seems to have changed legislators' minds. More importantly, revenue remained below legislators' expectations. Much of the district's land remained unsold, and it was for these unappropriated lands that the assembly applied the graduated system. The assembly had considered graduated land prices in 1821 and 1822, both times passing in the House but failing in the Senate, before finally becoming law in 1823. The new system operated to increase the number of freeholders. It also increased tax revenue. Two reasons accounted for this development. First, the law ended the practice under the credit system of auctioning land to the highest bidder, beginning at a minimum price of \$2.00 per acre. Removing the price floor allowed the costs of the lands to better reflect their values. As Mitchell later wrote, "the refuse hills and mountains which lay north and east of the congressional reservation line for half a century, and viewed as worth nothing, have been appropriated by the people under the graduating system of [Tennessee], from which a handsome sum of money has been raised to the State by the entrance money, and an annual revenue will be constantly derived to her from them by way of land tax." The law gave occupants a six-month period in which they possessed the

¹⁶ Petition 5-1823-1, Petition 38-1824-1, and Petition 5-1825-1, Tennessee Legislative Petitions, Microfilm, TSLA; James C. Mitchell to Thomas Hart Benton, March 29, 1828, in Dickins and Forney, "Operations of the Graduating System," *Document No. 671, American State Papers*, Series 8: Public Lands, 5: 514-16.

sole right to enter the land upon which they had established improvements at \$1.50 per acre. Only after six months did the land go on the market, for the same price as was available to occupants. Lands not entered after the first six months decreased in price to \$1.00 per acre, occupants once again enjoying a three-month period in which they possessed the sole right to make claim for the land. This graduated decrease would continue until it reached a minimum of \$0.12½ per acre. The system gave a spur to industry. Nathaniel Smith, entry-taker for the district, reported that “at fifty cents per acre, [purchasers] got on their horse, rode him to Georgia, and sold him, and walked back with their cash in their pockets, and entered their land that they are now making a good living on.” The revenue generated had no effect on the new state bank. Nor did it adequately support the common schools, as the legislators appropriated only those funds that came from sales of lands at the minimum price. Aspiring freeholders nevertheless had a good chance of owning land even in the impoverished Hiwassee District.¹⁷

Relief thus never came from the new state bank. The whole scheme was a boondoggle. East Tennesseans understood this best. Greene County petitioners in 1825 scorned the impotence of the bank. It had brought relief, they said, “but not for the farmer and labouring part of the Community of Tennessee But for the merchant and Swindler not only of Tennessee But for all who wish to Give us a Call.” More petitioners from the county blamed the bank for scarcity of money in 1827. The promise of the bank in 1820 had come to naught. It had become clear that the bank could neither stabilize money circulation, enliven commerce, or foster economic diversification.¹⁸

¹⁷ Henry D. Whitney, comp. and ed., *The Land Laws of Tennessee* (Chattanooga: J. M. Deardorff and Sons, 1891), 398, 406; Nathaniel Smith to Thomas Hart Benton, February 28, 1828, in Dickins and Forney, “Operations of the Graduating System,” *Document No. 671, American State Papers*, Series 8: Public Lands, 5: 514-16.

¹⁸ Petition 202-1825-1 and Petition 70-1827-1, Tennessee Legislative Petitions, Microfilm, TSLA.

Petitioners universally complained of the scarcity of money, and many blamed the banks for this condition, but those petitioners who addressed the price of produce came closer to the truth in diagnosing their struggles. Tennessee's prosperity depended largely on its staple crops, and crop prices remained low throughout the 1820s. Tennessee banks did not create the recession. Prices simply relayed the message that Tennessee produce had too many sellers or too few buyers. It is true that Tennessee banks, goaded by nearly the whole community, had overextended their issues during the good times. Carroll was essentially correct when he argued for resumption and the concomitant payment of foreign and domestic debt. Allowing default, not granting relief, would purge the economy's prodigal elements. Not all who asked for relief suffered under the harsh conditions of landlords, as those who lived in the Hiwassee District did. Many engaged in trade, or owned cotton plantations, or speculated in land. Tennessee banks offered some assistance as lenders of last resort to distressed individuals. Failure was inevitable, however. Trade could not be sustained at the levels it reached following the War of 1812, at least for the time being, and the banks' own precariousness meant that they could not prime trade until prices recovered.¹⁹

Despite their grievances, Tennesseans still believed in personal and material improvement. It was in that spirit that many petitioners asked for a stable currency. Even the most distressed petitioners, like those of the Hiwassee District, spoke of earning their keep through industry, if only the state would allow that industry to be rewarded. They hoped that their industry, in turn, would produce schools for their children. They complained that the lack

¹⁹ Petition 27-1825-1, Petition 97-1826-1, Petition 127-1826-1, and Petition 128-1826-1, Tennessee Legislative Petitions, Microfilm, TSLA; *Nashville Gazette*, April 4, 1823, Microfilm, TSLA.

of schools meant that, except in time of crops, their children sunk “in Idleness, dissipation, and ignorance throughout the year.”²⁰

Industriousness and competition appealed to common folk looking to enter certain trades. These petitioners particularly disliked license fees that controlled the privilege to operate as merchants or petty retailers. In 1819 the legislature had passed a law requiring “hawkers and pedlars” to obtain a license from the court of the county in which they operated. The license cost \$50 and had to be renewed annually. The legislature passed another law encompassing wholesalers and retailers. It made clear that all such sellers must pay the tax “whether he open a trading house, or sell and deal at his waggon, boat, craft, or otherwise.” These entry fees worked to the disadvantage of newcomers. One group of petitioners in 1825 asked for the repeal of the license tax on merchants. They said that the tax was “only calculated to benefit a few wealthy merchants or capitalists.” Petitioners from Rhea County in 1829 also argued that the tax operated oppressively “on men who are trading on small capitals.” Legislators did cut in half the license tax for peddlars in 1822 but took no further action during the 1820s.²¹

Other workers took matters into their own hands. Many apprentices or journeymen in Nashville left their mechanic-masters to pursue their own ventures. Some proposed to take in work on their own. Others left to employ themselves in other industries. Labor’s mobility embittered established mechanics throughout the western states. The *Louisville Herald* (Kentucky) complained that “apprentices seem to think that they are bound by no other

²⁰ Petition 5-1823-1, Tennessee Legislative Petitions, Microfilm, TSLA.

²¹ Tennessee General Assembly, Chapters 37 and 64, *Acts* (1819), 61-62, 102, TSLA; Tennessee General Assembly, Chapter 6, *Acts Passed at the Second Session of the Fourteenth General Assembly* [...], session convened 1822 (Knoxville: Heiskell and Brown, 1822), 10, TSLA; Petition 104-1825-1 and Petition 14-1829-1, Tennessee Legislative Petitions, Microfilm, TSLA.

obligation than their own will.” Runaways found employment in shops or wherever they pleased, and their new employers protected them from legal repercussions for abandoning their term of service.²²

Competitive trade increased in Nashville. Town aldermen or the county court set regulations designating the times and places for a “market house,” an area in which vendors could come to sell their wares. At first the public square served as the market area, but business volume increased to the point that upper crust townsfolk began to complain of the grubby scene. The Davidson County Court, no doubt at the behest of some of these influential carpers, at one point removed the market to a more secluded location. Now it was the vendors’ turn to complain. One editorialist signed “A Citizen” suggested new locations for the market such that “the distance between the court-house and market-house would then be so great, that neither the auditory, nor the olfactory organs of the sensitive gentlemen of the bar and the bench would be affected, and public convenience subserved.” No sooner had the market house been returned to the square than the town aldermen allowed the establishment of a second market house on Broad Street. Henceforth market days on the public square were Tuesday, Thursday, and Saturday, and market days on Broad Street were Monday, Wednesday, and Friday. The new arrangement stoked the jealousy of the property owners and business interests on the public square, but it granted entry to new competitors.²³

Small private construction projects remained steady during the 1820s. Many apparently continued even through the panic, for a state law passed in 1825 sought to assure that mechanics

²² *National Banner and Nashville Daily Advertiser*, April 10, September 3, 1833, Microfilm, TSLA.

²³ *National Banner and Nashville Whig*, August 12, 1826, Microfilm, TSLA; *National Banner* (Nashville), August 15, December 12, 1829, Microfilm, TSLA.

received just compensation for their labor if their customers failed to pay. The law gave mechanics a one-year lien on the buildings they constructed and on the land it was constructed upon. The lien was to be “for the just value of [the mechanic’s] labor and materials furnished by such mechanic for constructing such house or houses.” Housing construction occurred in some measure outside the towns too. In 1829 mechanics from Knox County complained that the law was too limited, in that it protected mechanics who constructed buildings within town limits. They also asked that the law be expanded to include anyone who applied labor or furnished materials, because the current protection extended only to the mechanic who completed the building. Petitions for the protection of earnings, or for the lowering of entry barriers, were optimistic queries for relief. Such petitioners asked for chances to participate in the wider commercial world.²⁴

Tennesseans continued to enjoy necessities and amenities that commerce made available to them. The scarcity of money and the license tax failed to stifle this trade. Carroll complained of excessive spending by Tennessee farmers every time he addressed the legislature. In his September 20, 1824, address he argued that the instability of money’s value “induces [the agriculturalist] to purchase many things which the wants of his family do not require, and for which he has very little use.” In 1825 he said that citizens should practice “a system of industry and economy, which will lead to wealth and prosperity, without the aid of loans from Banks, or otherwise; always ruinous to the best interests of the agricultural part of the community.” In 1826 he acknowledged that prices for staples might support only “a reasonable portion of the

²⁴ Tennessee General Assembly, Chapter 37, *Acts Passed at the Regular Session of the Sixteenth General Assembly* [...], session convened 1825 (Knoxville: Heiskell and Brown, 1826), 32-33; Petition 302-1829-1, Tennessee Legislative Petitions, Microfilm, TSLA.

good things of life,” and he discouraged “extravagant importations of foreign goods.” Carroll’s farewell message in 1827, marking the end of his first stint as governor, struck the same tone. He warned that “it should be deeply impressed upon the mind of the farmer, that the profits of his farm will not authorize him to borrow money and interest.” The farmer, he said, should not anticipate his proceeds by borrowing on credit: “if he does he will buy many articles, which the necessities of his family do not require, pay higher for them, and be frequently harassed with expensive lawsuits.” Carroll’s reprimands illustrate that farmers still wanted to borrow money for improvements and to purchase amenities for enjoyment.²⁵

Advertisements throughout the 1820s offered the luxuries that Carroll berated. Most advertisers consisted of wholesalers encouraging “country merchants,” the merchants who connected the hinterlands with larger exchange networks, to seek their selection of groceries, implements, and luxuries fresh from Philadelphia, New York, Baltimore, or New Orleans. Yeatman, Woods, and Company was one such wholesaler; their advertisement stated that “as the goods will be sold cheap, credits cannot be given, and it is requested credit will not be asked for.” The company’s selection included nails, groceries, and a cream-colored glazed earthenware called queensware. James Stewart and Company advertised goods from Great Britain, France, and India, as well as domestically manufactured goods. In addition to queensware, they sold boots, shoes, bonnets, hats, hatters’ trimmings, furs, hardware, glass, coffee, sugar, spices, and paper. Drug stores offered not only medicines, but paints, dyes, and glass furniture. A wholesaler signed M. Watson invited country merchants’ attention to his assortment of cutlery, whiskey, salt, gunpowder, window glass, iron, and castings. Another

²⁵ Carroll quoted in White, *Messages of the Governors*, 2: 66, 78, 138, 204.

wholesaler named T. F. Adams informed country merchants of his selection of blankets, shawls, hats, and cloaks. These firms competed for prompt arrival of their goods. Bedford and Company bragged of their goods as “only thirty days from Philadelphia.” Demand remained strong for amenities that eased life for an agricultural people.²⁶

Public support for internal improvements was inversely related to the ease of access of these commercial goods. Middle Tennessee residents, having ample access to waterways to ship their cotton, did not need to undertake large scale projects for commercial access. State aid and federal aid cleared obstructions from the Cumberland River, making travel to New Orleans easier, and all the more so as steamboats became the most popular mode of transport. East Tennessee residents, on the other hand, believed that internal improvements could overcome their region’s mountainous isolation. Prominent men from the counties of Cocke, Sevier, Jefferson, and Knox argued that the bank had turned the people of Tennessee “into a harassed and abject class of money hunters, instead of ... a race of independent, industrious and thrifty agriculturalists.” Even if the proceeds of the loan went to the construction of improvements, then “the borrowers, who are ordinarily, the most oppressed part of the community would be exclusively paying the expenses of the improvement ... to the exclusion of the wealthy and independent.” Petitioners from Rhea County argued that internal improvements would assist aspiring landowners from capricious speculators. They said that “we are all In debt to one another and times is so hard we Cannot git money for clothing nor for our labor exepting you

²⁶ *Nashville Gazette*, March 21, 1823, May 7, 1824, February 14, 1827, Microfilm, TSLA; *Nashville Whig*, September 22, 1823, October 20, 1823, January 26, 1824, Microfilm, TSLA; *National Banner and Nashville Whig*, November 18, 1826, Microfilm, TSLA.

would imbark into sum internal improvements and give us sum Chance to git money for our labour and bredstuffs.”²⁷

Legislators’ focus remained on reform of the credit system. Middle and West Tennessee assemblymen were especially insistent on this program because of cotton’s ascendance in their region as the primary staple crop. Governor Carroll and the General Assembly addressed this question in earnest beginning in 1823. Carroll kept a hard line against all the state banks. He encouraged the legislators to remain firm in holding the resumption date in April 1824. Nothing short of resumption would purge the rottenness from Tennessee’s currency. Yet Carroll also requested that the legislature report on the ability of banks to resume payments and, if found unable to do so, he recommended a plan whereby the banks would pay what they could bear in specie and provide an interest-bearing certificate, payable at a future date, for the balance. Banks would thus gain time to wind up their business, and noteholders would be protected. But the banks had to resume, come what may. Carroll spoke of the “evil which has ever resulted from the emission of bank paper, without a specie basis for its redemption.” Allowing trade to find its level via resumption would remove those banks, merchants, and businesses whose unsound practices had contributed to the panic. Carroll perhaps wanted to clear the way for the establishment of a branch of the Bank of the United States. He certainly supported private banking establishments, that is to say, establishments that operated without legislative charters.

²⁷ Stanley John Folmsbee, *Sectionalism and Internal Improvements in Tennessee 1796-1845* (Knoxville: The East Tennessee Historical Society, 1939), 13-17; Petition 89-1822-1, 119-1826-1, and Petition 243-1829-1, Tennessee Legislative Petitions, Microfilm, TSLA.

What the state needed, he believed, was a banking system grounded in specie and thus tied to the legitimate, not speculative, needs of trade.²⁸

Legislators heeded the essence of Carroll's recommendations. A Joint Committee on Banking, chaired by Aaron V. Brown of Giles County, set the tone. The committee correctly diagnosed the crisis. Committee members acknowledged banking malpractice, but also noted that some banks had acted with integrity. They also pointed to general support among Tennesseans for banking establishments and credit during the prosperity of 1815-1818. According to the report, "many of our steadiest farmers engaged in speculations, and became borrowers of sums which the proceeds of their farms were insufficient to repay." It added that "more than once considerable excitement existed against those institutions, for not being more liberal in their accommodations." The committee then addressed two issues regarding the future of the chartered banks in Tennessee. First, the report concluded that the purpose of the redemption law of 1821 was not to immediately revoke the charter of any bank who failed to resume at assigned date, but rather to serve notice to the banks that more severe penalties, including revocation, would follow. Second, the report claimed that the old state bank and the Nashville Bank were solvent. They could bear resumption. The committee attributed the depreciation of these banks' notes, especially those of the Nashville Bank, to the lack of knowledge about the banks' solvency among the community, the intrigue of brokers, and (as always) the excessive importation of foreign merchandise. In this the committee was less correct in its diagnosis. The community's belief in the banks' paper values was more knowledgeable than the committee indicated. The old state bank deserved confidence, for it never failed to pay

²⁸ Carroll quoted in White, *Messages of the Governors*, 2: 48. Carroll's support of private banks will be discussed below.

specie, but the Nashville Bank's situation was more precarious, as it would demonstrate in 1826.²⁹

Wrangling over the governor's recommendations and the committee's report produced a law that extended the final deadline for resumption until June 1, 1826. It also specified, however, graduated rates of resumption in 1824 and 1825 to ease the transition. If any bank failed to meet these requirements at any point, then the noteholder could obtain judgment against the bank for the amount of the note plus 6% interest. This law provided the middle ground recommended by Carroll, although it did not conform to every particular of his plan. It assured that the currency would return to a sound basis, while also allowing the banks to avoid sudden calls for repayment of debts to meet their obligations.³⁰

Brown also initiated an attempt to bring a branch of the Bank of the United States to Tennessee. Complaints of the scarcity of money, of the lack of specie-secured paper, and of the inadequacy of the state banks to furnish credit placed the national bank in a new light. Perhaps the bank would bring stability to commerce rather than exploitation. Support among legislators came from those who had associated with Erwin for resumption in 1821, although Erwin himself was no longer a representative. The *Nashville Whig*, which came under the editorship of one of Erwin's sons around this time, ran an editorial that stated "I would gladly see but one great National Bank, founded on solid means, supported by the will of the people and the laws of the

²⁹ Tennessee General Assembly, Senate, *Journal of the Senate, at the First Session of the Fifteenth General Assembly* [...], session convened 1823 (Murfreesborough: J. Norvell and G. A. and A. C. Sublett, 1823), 147-151, TSLA.

³⁰ Tennessee General Assembly, Chapter 53, *Acts Passed at the First Session of the Fifteenth General Assembly* [...], session convened 1823 (Murfreesborough: J. Norvell and G. A. and A. C. Sublett, 1823), 69-72, TSLA.

country.” Supporters of the national bank did not yet have the numbers to enact a repeal of the foreign bank tax of 1817. The proposal passed two readings but never made it to a final vote.³¹

Before more action could be taken on the national bank, a new banking establishment came to Tennessee in 1825. This was the private, non-chartered establishment of Yeatman, Woods, and Company. Its sudden entrance into banking came from the pluck of its proprietors. Andrew Jackson once complained of an acquaintance that he was “making money in true Yankee stile,” and this would have been an apt description of the way Yeatman and the Woods brothers amassed the fortune necessary for banking. During one of his business trips to Philadelphia, Yeatman learned of a heavy advance in cotton from Europe. He raced home on horseback, beat the mail, and bought up most of the cotton in Nashville for \$0.12½ per pound. Soon afterward cotton advanced to \$0.25 per pound. The partners became the wealthiest merchants in Tennessee within weeks. The partners sold their warehouse and steamboats, retired as commission merchants, and became bankers.³²

Yeatman and the Woods brothers announced the establishment of their banking house in the papers. They said that they had first intended to invest their funds in federal government bonds or eastern bank stock. Their friends reminded them that “our means have been made in this state, and that to withdraw them would be doing injustice to our country in which we have made our ‘all,’ and to which we owe so much.” They said that they did not doubt that “there are, and will be objections made to Banking.” They made several arguments to differentiate themselves from the state banks. As merchants they had operated with prudence and had earned

³¹ Tennessee Senate, *Journal of the Senate* (1823), 63, 73; *Nashville Whig*, September 15, 1823, Microfilm, TSLA.

³² Clayton, *History of Davidson County*, 203, Hodges Library; Andrew Jackson to Willie Blount, January 25, 1812, in Moser and Macpherson, *Papers of Andrew Jackson*, 2: 278.

the community's trust. The company's private nature meant that "our reputation and honor are both pledged to make good our engagements when we fail to do this, our credit will sink, and we shall deservedly be held up to public execration." No relief laws would be passed in their favor. Prudential discounts meant that a stable circulating medium would emerge. Capital would multiply, competition would increase, the merchant would buy more produce, and the planter would earn more.³³

These beneficial effects would nevertheless be limited to an extent. The proprietors admitted as much. Even as they anticipated objections to a new bank, they also wrote that "we expect to hear of some complaints, in consequence of our inability to accommodate all who may apply." They pledged to be sparing, almost parsimonious, in discounting. Only short-term credit would be extended. No note would be discounted whose maturity extended past 90 days. Funds would be available only to merchants and planters ready to ship produce. Loans had to be punctually paid in full; no renewals would be granted. These stringent policies would expand trade over time. They assured the bank security in times of distress. Eventually the bank's directors would invest in the Cumberland Iron Works in Stewart County and in steamboat manufactories along the Cumberland River. Credit would not be available, however, for land speculation or agricultural expansion.³⁴

The new bankers faced danger immediately following their announcement. Several legislators in the General Assembly introduced a bill to prevent the circulation of private bank bills or bills by individuals. Jackson was behind this effort; that, at least, was the belief of

³³ *Nashville Whig*, October 13, 1823, Microfilm, TSLA.

³⁴ *Nashville Whig*, October 13, 1823, Microfilm, TSLA; *National Banner and Nashville Daily Advertiser*, April 18, 1833, Microfilm, TSLA.

Yeatman's brother-in-law John P. Erwin. Grundy, no longer serving in the legislature, likewise supported the measure. Carroll used his considerable influence to counter that of Jackson and Grundy. Opposition to the proposal in the House coalesced around George W. Gibbs of Davidson County, an attorney who had been in partnership with Grundy, merchant, and banker. The prohibition narrowly failed. It passed two readings in the House before being laid on the table by one vote on the third reading. It passed all three readings in the Senate, with the final vote passing by a two-to-one margin. If Jackson was behind the measure, it would explain the close vote. The entire General Assembly, save one member, nominated Jackson for the presidency during the same session. Gibbs, for example, chaired the reception committee for Jackson's acceptance speech. During the debate over private bank bills, Gibbs gave qualified support to the proposed prohibition. He proposed an amendment after the first reading, probably to make the bill more palatable. The amendment failed, the bill passed its second reading, but the House voted to lay it on the table by a single vote on its third reading. The lone dissident to Jackson's nomination, Representative Lewis Reneau of Sevier County, opposed the prohibition throughout the debate.³⁵

Opponents of Yeatman, Woods, and Company also tried to use the 1817 law placing a \$50,000 tax on any banks not chartered by the state. Thomas Crutcher, the treasurer of West Tennessee, reported the company liable for the tax only 20 days after it commenced operations. Crutcher had held his office since 1813. He had ties to the old Overton faction via his friendship

³⁵ John P. Erwin to Henry Clay, December 12, 1825, in James F. Hopkins and Mary W. M. Hargreaves, eds., *The Papers of Henry Clay*, vol. 4, *Secretary of State, 1825* (Lexington: The University of Kentucky Press, 1972), 900; Tennessee General Assembly, House of Representatives, *Journal of the House of Representatives at the First Session of the Sixteenth General Assembly* [...], session convened 1825 (Nashville: Republican Office, 1825), 142-144, 357-360, 403, 422, 446, 467, TSLA; Tennessee General Assembly, Senate, *Journal of the Senate at the First Session of the Sixteenth General Assembly* [...], session convened 1825 (Nashville: Republican Office, 1825), 334, 340, 402, TSLA.

with Jackson. Crutcher's report went to the Davidson County clerk, who then furnished it to the sheriff for collection. At this point the company's counsel sought an injunction against the order. The court requested an opinion from Andrew Hays, attorney general for the Middle District of Tennessee. Hays acknowledged that an ordinary and literal reading of the law included the company. He nevertheless argued that the court should also consider the purpose of the legislators which, he said, was the exclusion of a branch of the national bank from Tennessee, based on the fear that "it would produce a press for specie, and thereby force the state banks to limit their issues of paper, if not to diminish the quantity in circulation." If the court found this interpretation of meaning correct, then Hays argued that the judges were bound to grant the injunction. The court followed Hays's recommendation. Whatever its legal merits, the judgment generally benefitted Nashville's commerce. Yeatman, Woods, and Company continued undisturbed. While the state banks struggled to prepare for resumption, the company advertised their ability to redeem notes on presentation. Yet some remained unconvinced. An editorial in the pro-Jackson *Nashville Gazette* resented the decision, claiming that "the people have been deprived of a tax of fifty thousand dollars." The writer, of course, did not explore the implications of depriving the people of the company itself.³⁶

Resumption began on June 1, 1826. Hugh Lawson White's old state bank network bore the pressure. This network had, said the directors of the branch bank in Nashville, "been always doing a *small, safe, snug* business." But the old state bank and its branches never counted for much in subsequent commercial development. These banks closed some time after White was elected to the United States Senate in 1825. The Nashville Bank, by contrast, had done a large

³⁶ *Nashville Gazette*, February 1, 1826, Microfilm, TSLA.

amount of business—too large, in fact. Resumption revealed that the bank’s depositors had lost faith in its soundness. It experienced a catastrophic collapse after 72 days. The bank paid \$260,000 in specie and closed within three months. The only viable bank left was Yeatman, Woods, and Company.³⁷

Banking became a sharp point of conflict when the General Assembly convened in a called session in 1826. Some legislators hoped the state would henceforth remove itself from all banking operations. East Tennesseans especially held this position, not to remain aloof from the market, but because their geographic isolation stymied their market participation. Senator James Anderson of Knox County echoed many petitioners from his region when he said that “we are not to look to Banks for permanent relief from our embarrassments.” Anderson argued that farmers created wealth for society. Goods coupled with the means to transport them constituted real wealth. To that end Anderson proposed to incorporate a canal company to unite the Hiwassee and Coosa Rivers and thereby create a channel to Mobile, Alabama. He also wanted to appropriate funds to clear the Tennessee River. Such improvements had been contemplated since the days of William Blount. Anderson argued that canals “would at once open an outlet for our produce, give a new spring to industry, and do more to relieve the distresses of the people than half a dozen of Banks in our present situation.” Nothing came of these proposals.³⁸

Discussion turned to repeal of the \$50,000 tax on banks not chartered by the state. The contours of the debate followed those of the one in 1817. This time a clear majority in the House supported the national bank and thus repeal. Gibbs took the lead. His case was generally

³⁷ *National Banner and Nashville Whig*, November 18, 1826, Microfilm, TSLA.

³⁸ *Knoxville Register*, November 29, 1826, Microfilm, McClung Collection; *National Banner and Nashville Whig*, December 6, 1826, Microfilm, TSLA.

correct, for his points conformed with the reality of the Bank of the United States's performance under Nicholas Biddle. The question, he said, "is not whether we shall have banks in the American states, or in the state of Tennessee, but the inquiry should be, what is the best mode of banking, or what species of bank paper should be preferred as a substitute for specie circulation." He pointed out that the nation's specie reserves did not reflect the country's productivity. A paper currency could expand with the needs of commerce. The national bank's paper currency served this need, for its notes could be redeemed for specie on demand and thus maintained its par value throughout the country. A uniform currency would reduce the exchange rate for Tennessee produce and, Gibbs said, aid "the farmer and mechanic, who have to mind their farms and workshops, and have no time to devote to the watching of the money market." As it stood, the state bank could not furnish money in the Northeast that would pass, so merchants took specie from the local banks to purchase acceptable paper. Gibbs rejected fears of foreign ownership of bank stock. Demand for capital was high. If the state, or the United States as a whole, became debtors whose interest payments enriched others, so much more would the debtor be enriched by the increase in productivity. Most importantly the bank would do what everyone hoped banks would do in 1817—facilitate the cotton trade with New Orleans.³⁹

Peter Parsons of Hawkins County gave the first response. He argued that the branch banks provided no real capital to the locales in which they operated. The funds that they drew came from the East, and the money loaned at interest would be returned eastward. Parsons said that "it is better that Yeatman and Woods, who live among us, should make money by brokerage than that a President or Cashier from the Eastern states should be sent here to make a profit out

³⁹ *National Banner and Nashville Whig*, November 25, 1826, Microfilm, TSLA.

of us.” He further argued that merchants would charge higher prices for goods if offered payment in new state bank notes, in order to cover the premium they paid for eastern funds. Both merchant and farmer would become permanently indebted to the bank under this arrangement. The bank would accomplish the establishment of a consolidated government, according to Parson. He said, “We should not be too proud to wear our domestic manufactures. We should keep our hands out of the mouth of the lion. We should keep the monster as far distant as possible.” His concerns reflected those of the “state unifiers” in 1817. Capital should be made available to the entire state, Parsons believed, saying with respect to Gibbs that “The gentleman seems to think that no commerce is carried on any where but in Nashville. This amount will not do for the whole state.” The new counties of the Western District would need capital for expansion, and East Tennessee needed commercial facilities.⁴⁰

Joseph Kincaid of Bedford County argued that a branch of the Bank of the United States would not fix the source of the problem, excessive note issue and extravagant importations. If Tennesseans bought what their produce could pay for, then no large circulating medium would be needed. Kincaid believed that the bank would help merchants pay their debts, but it would force the planter to ship his produce, assume all risk, and pay a premium for the money to discharge his debt to the merchant, although he did not precisely explain why the planter would be forced to resort to this extreme. He believed, like Parsons, that planters would be forced to pay a premium with state currency. Also like Parsons, Kincaid was no defender of hard money. He had voted in 1825 in defense of Yeatman, Woods, and Company.⁴¹

⁴⁰ *National Banner and Nashville Whig*, November 25, 1826, Microfilm, TSLA.

⁴¹ *National Banner and Nashville Whig*, November 25, 1826, Microfilm, TSLA.

Opponents' arguments lacked credibility given the last decade of experience with state banking. In the House repeal of the national bank tax passed 24-14. Several opponents of Yeatman, Woods, and Company now voted in favor of the national bank; four of these representatives were from Middle Tennessee, and two were from East Tennessee. Three representatives who had voted in favor of Yeatman, Woods, and Company now opposed the national bank. In the Senate the geographic divisions were more pronounced. Repeal passed 10-9. All but one of its supporters represented Middle or West Tennessee counties. Of the nine opposed, six represented East Tennessee counties. It seems that East Tennessee senators held to the general view among their constituents that the bank would offer them no assistance in their ventures. Senators from Middle and West Tennessee believed the bank would quicken their already lucrative trade in cotton.⁴²

A branch of the Bank of the United States would come to Nashville in 1827. It remained to be seen what utility the branch would provide, and how its operations would contribute to Andrew Jackson's "war" on the bank during his presidency. Tennessee's experience with state banking in the 1820s produced different kinds of discontent that could be turned against the national bank later. Some, like Representative Parsons, still believed that credit needed to be general throughout the state and that a national bank would be inadequate for such purposes. Others, like Representative Kincaid, favored private banking wherein such institutions would operate on their merits, rather than upon legislative privilege. Still others wanted to eschew

⁴² Tennessee General Assembly, House of Representatives, *Journal of the House of Representatives at the Called Session of the Sixteenth General Assembly* [...], session convened 1826 (Nashville: Republican Office, 1826), 173-174, 211, TSLA; Tennessee General Assembly, Senate, *Journal of the Senate, at the Called Session of the Sixteenth General* [...], session convened 1826 (Nashville: Republican Office, 1826), 165-166, 189, TSLA; Tennessee General Assembly, Chapter 13, *Acts Passed at the Extra Session of the Sixteenth General Assembly* [...], session convened 1826 (Knoxville: Heiskell and Brown, 1827), 18, TSLA.

banking. The source of their hostility was anti-bank, but not anti-commercial. They wanted direct state funding of internal improvements, access to foreign and domestic luxuries, and ease of access to compete in trades. These groups, given their interests and experiences, could see the danger in an aristocratic “hydra,” as Jackson would later describe the national bank.

Chapter 6

Andrew Jackson, the Bank of the United States, and Tennessee

When the 2nd Session of the 18th Congress convened on December 6, 1824, it was clear that the people had not met the Constitutional requirements to elect a president. The choice would thus fall to the House of Representatives, as mandated by the Constitution. In the coming days, Andrew Jackson, John Quincy Adams, and William H. Crawford emerged as the top three candidates in the tally of Electoral College votes—Jackson with 99 votes, Adams with 84, and Crawford with 41. The Speaker of the House of Representatives, Henry Clay, himself a presidential candidate with 37 electoral votes, would now play kingmaker, using both his status as candidate and Speaker to influence House members' votes. Clay's choice, made before Congress met, was Adams.¹

On February 9, 1825, United States senators and other spectators entered the House of Representatives to witness the House's presidential choice. Henry Clay took the Speaker's chair. He announced that no presidential candidate had received the necessary majority of electoral votes and then motioned that the House proceed immediately to the vote. The result stunned the spectators. Adams received a majority of thirteen states on the first ballot, including votes from the representatives of Maryland and Illinois, whose constituents had given the popular majority to Jackson in their states. Kentucky, Ohio, and Missouri, whose voters gave the popular majority

¹ Lynn Hudson Parsons, *The Birth of Modern Politics: Andrew Jackson, John Quincy Adams, and the Election of 1828* (Oxford: Oxford University Press, 2009), 98-103; Donald Ratcliffe, *The One-Party Presidential Contest: Adams, Jackson, and 1824's Five-Horse Race* (Lawrence: University Press of Kansas, 2015), 237-238.

to Henry Clay, voted for Adams. Crawford received the votes of Delaware, North Carolina, Georgia, and Virginia. Jackson, who had won electoral majorities in eleven states, received only seven states in the House.²

Jackson forevermore believed that Adams had bribed Clay for his support. No direct evidence has emerged to substantiate this “Corrupt Bargain.” Yet when Adams appointed Clay as his secretary of state, Jackson wrote to William B. Lewis, “so, you see, the *Judas* of the West has closed the contract and will receive the thirty pieces of silver—his end will be the same.” Jackson had just cause for outrage. He had beaten Adams and Clay combined in the popular vote and had received the most electoral votes of any candidate. His indignation compelled him to begin campaigning immediately for the presidential election of 1828. And “campaign” appropriately describes the general’s quest for the presidency. He determined to defeat all of those he deemed enemies, both of himself and of the people. On becoming president he would root out corrupt officials and return the federal government to republican simplicity. Only later would Jackson begin to believe that the Bank of the United States was also corrupting the political process.³

Jackson’s presidential run began as soon as he returned to Tennessee. At that time, as the Jackson biographer James Parton writes, the state “welcomed her defeated General home in the summer of 1825, as conquerors are welcomed.” On October 6, 1825, the Tennessee Senate unanimously recommended Jackson to the people of the United States for president. The next

² Parsons, *Birth of Modern Politics*, 104.

³ Andrew Jackson to William Berkeley Lewis, February 14, 1825, in Howard D. Moser, J. Clint Clift, and Wyatt C. Wells, eds., *The Papers of Andrew Jackson*, vol. 6, 1825-1828 (Knoxville: The University of Tennessee Press, 2002), 29-30; “Memorandum on the Bank of the United States,” November 1829, in Daniel Feller, Harold D. Moser, Laura-Eve Moss, and Thomas Coens, eds., *The Papers of Andrew Jackson*, vol. 7, 1829 (Knoxville: The University of Tennessee Press, 2007), 591.

day the Tennessee House adopted the same resolution with one dissenting vote. On October 14, Jackson himself appeared before the General Assembly, made a short speech, and submitted his resignation as United States Senator. In his resignation letter he also outlined, as he believed, necessary reforms to the federal government. He proposed barring any member of Congress from appointment to office in the federal government during the term for which he was elected, or for two years thereafter, except in cases of judicial office. In this way the separation of powers between the branches of government, and the checks and balances accruing therefrom, would be bolstered. Congress would be freed from connection with the Executive Department. Jackson said that “members, instead of being liable to be withdrawn from legislating on the great interest of the nation, through prospects of executive patronage, would be more liberally confided in by their constituents, while their vigilance would be less interrupted by party excitement.” The present system, Jackson warned, would undermine the people’s sovereignty and enlarge corruption’s scope. He did not specifically mention Henry Clay. He did not need to.⁴

The nearly unanimous resolution of the General Assembly to recommend Jackson for the presidency demonstrates his immense popularity. Jackson men might differ with him on policy—this same session of the assembly protected Yeatman, Woods and Company in the matter of the private bank bills, and many would vote for the Nashville branch of the Bank of the United States in 1826—but almost no one dared oppose Jackson himself. Governor Carroll, for example, was not a through-and-through Jackson man, as his efforts with the Clay-Erwin faction on behalf of Yeatman, Woods and Company demonstrated. But for the moment any enmity

⁴ Parton, *Life of Andrew Jackson*, 3: 95; White, *Messages of the Governors*, 2: 123-133. Jackson is quoted on page 132.

between Jackson and Carroll remained buried. Carroll could not politically afford to break with Jackson. Jackson did not want to alienate the most popular man in Tennessee besides himself. Carroll, ineligible for reelection to the governorship in 1827, sought to replace John H. Eaton in the Senate. He wrote an open letter assuring the public of his intention to do everything in his power as senator to get Jackson elected to the presidency. The General Assembly reelected Eaton, leaving Carroll to join Hugh Lawson White, John Overton, George W. Campbell, and William B. Lewis in advancing Jackson's campaign. White was elected to replace Jackson as United States Senator and serve out the remaining four years of the term. He was at this time one of Jackson's staunchest and most skillful allies.⁵

Jackson's influence swayed Tennessee's gubernatorial race of 1827. Candidates Sam Houston and Newton Cannon sought to replace Carroll as governor. Both men had served under Jackson during the Creek War. Though never directly addressed, voters understood Houston as Jackson's preference. Houston, born in Virginia in 1793, had moved with his widowed mother and eight siblings to a farm in Blount County around 1807. He enlisted in the army in 1813 and developed a friendship with Jackson based on mutual respect of martial courage. He resigned his commission in 1818, read and practiced law, and served as state attorney general for the Nashville district. When Carroll resigned his command of the 2nd Division of the Tennessee Militia to serve as governor, Houston was voted major general to replace him. In 1823 and 1825 he served in the United States Congress as a representative from the Nashville district. He remained an ally of Jackson in Congress and a foe of the Adams-Clay faction of the Republican Party.⁶

⁵ Hamer, *Tennessee: A History*, 1: 269; Parton, *Life of Andrew Jackson*, 3: 98.

⁶ Hamer, *Tennessee: A History*, 1: 269-270.

Newton Cannon, born in North Carolina in 1781, had moved to the Cumberland region in 1790. He learned the saddler's trade, then established himself as a merchant and wealthy planter of Williamson County by 1811. In this year he was elected to the state senate. In 1813 he volunteered as a commander of a company of riflemen. He later became a colonel of a regiment in General John Coffee's brigade. The rift with Jackson began when Cannon and his men returned home after contending that they had fulfilled their three-month enlistment, a contention that infuriated Jackson. Cannon's later career in politics further alienated him from Jackson. Cannon began a long tenure in the United States Congress in 1814 and secured reelection through 1823.⁷

Houston won the election. He won 44,426 votes to Cannon's total of 33,410. Middle and West Tennessee divided, but East Tennessee voted decidedly for Houston. Houston's first message to the General Assembly revealed a developmental attitude among Jacksonians. They appreciated the progress that had been made since the pioneer days. Houston praised Tennessee's improvement in developing surplus products for market and the "artificial facilities" that facilitated such trade. Constitutional scruples might exist concerning the prerogative of the national government to undertake internal improvements within the states, but the states themselves had no such restriction. Houston said on this subject that "all agree that it is a matter legitimately, if not exclusively within the scope of separate state jurisdiction, and all are equally agreed, that great and valuable improvements could be made within our State, at a comparatively moderate expenditure of the public funds." Houston celebrated the wealth of the middle and western counties, whose prosperity derived from the natural advantage of the Cumberland River

⁷ Hamer, *Tennessee: A History*, 1: 272-273.

and the unobstructed streams that formed the watershed of the Mississippi River. He argued that East Tennessee could attain a similar level of wealth if the state could improve the navigation of the Tennessee River and build canals to grant access to Mobile, Alabama.⁸

This vision of economic progress aligned with Jackson's. Jackson never denigrated manufactures, internal improvements, or commerce. He rejoiced at the growth of American manufacturing, especially as it related to armaments, writing "the means of waging successfully our defence, will be found to exist amongst ourselves." Domestic manufactures also accounted, Jackson believed, for the strong demand for cotton and other agricultural staples. Internal improvements, he said, "should be made by the states respectively, and so soon as our national debt is paid the surplus revenue apportioned amongst the states for internal improvement and educating the poor." As to commerce, Jackson received credit through his factors in New Orleans, consigned his cotton to them, and received remittances in bills of exchange, specie, and even notes of the Bank of the United States. Deducted from these remittances were charges for groceries and other amenities that were brought to Nashville via the technological marvel of the early nineteenth century, the steamboat. Jackson was enmeshed in networks of paper currency, market prices, and foreign trade. He utilized the fruits of economic progress. His concern was that a monied aristocracy would pervert proper political economy. The agricultural interest of the country, he believed, should be preeminent, and it would be if government refrained from creating artificial privileges that benefitted the few. He said that "it is principally as manufactures and commerce tend to increase the value of agricultural productions and to extend their application to the wants and comforts of society that they deserve the fostering care of

⁸ Hamer, *Tennessee: A History*, 1: 273; Houston quoted in White, *Messages of the Governors*, 2: 215-218.

Government.” Defining the legitimate sphere of government in this manner would create a more equitable, though not equal, society. Freeholding farmers would produce for their own consumption and decide for themselves the extent to which they desired to market surplus produce. Jackson himself acted in this manner. His personal agricultural interest had been augmented from growth in commerce and manufactures.⁹

To Jackson, American political economy had been inverted. Executive patronage and special privileges had artificially concentrated wealth for the benefit of a few capitalists. All these benefits could be abused for dangerous purposes. To Jackson the “Corrupt Bargain” had laid bare President Adams’s intent to transform Henry Clay’s American System into a nationwide effort to bribe the citizenry. Clay, wrote a Jackson supporter, “wishes to form a party, and for purposes purely selfish, converts, the whole system of Internal Improvement and the Tariff into a political engine, of management, intrigue and corruption.” Jackson himself referred to the Clay supporters in Tennessee, which mainly consisted of the Erwin faction, as a “Junto of calumniators.” Clay’s toadies in Tennessee, as Jackson saw them, would infect state politics with executive influence. Even the smallest presidential appointments caused outrage among Jacksonians, as when Adams appointed John Patton Erwin, son of Andrew Erwin, as Nashville’s postmaster. Any kind of executive action, as it seemed to Jackson and his supporters, aimed to corrupt the nation through political patronage. “Then,” Jackson said, “the

⁹ Andrew Jackson to Hector Craig, March 2, 1825, in Moser, et al., *Papers of Andrew Jackson*, 6: 47; Andrew Jackson to John Coffee, May 19, 1825, in Moser, et al., *Papers of Andrew Jackson*, 6: 74; Andrew Jackson to Hugh Lawson White, March 16, 1826, in Moser, et al., *Papers of Andrew Jackson*, 6: 154. Jackson’s cotton trade with New Orleans is evident in several letters. See Andrew Jackson to John Coffee, February 19, 1825, Andrew Jackson to John Coffee, February 2, 1826, Maunsel White to Andrew Jackson, February 16, 1826, Maunsel White to Andrew Jackson, March 22, 1826, in Moser, et al., *Papers of Andrew Jackson*, 6: 35, 136, 139-140, 156-157; Andrew Jackson, “First Annual Message,” December 8, 1829, in Richardson, *Compilation of the Messages and Papers of the Presidents*, 2: 1013; Ashworth, *‘Agrarians’ and Aristocrats*, 20-34.

people may prepare themselves to become ‘hewers of wood, and drawers of water,’ to those in power, who with the Treasury at command, will wield by its corrupting influence a majority to support it.” A monied aristocracy, artificially supported by governmental force, would control citizens and thus elections. Hugh Lawson White wrote Jackson that his run for the presidency was “a fearful and unequal contest” in which the virtuous people confronted executive patronage and the votes it supposedly controlled. Failure to win, according to White, meant rule “under nominally a Rep[ub]lican government: but practically a monarchy of the worst stamp.”¹⁰

Jackson proposed strict construction of the Constitution and retrenchment of public expenditure to end the administration’s corrupting influence. He believed that internal improvements undertaken by the federal government should be circumscribed to projects directly related to the common defense—the building of roads, for example, to facilitate troop movements. Even other kinds of improvements that were truly national in character could be undertaken only with the approval of the affected states. Reduction in government expenditures for internal improvements would enable extinguishment of the public debt. Extinguishing the public debt in turn would encourage Congress to appropriate money through special acts only, rather than Congressmen adding riders to bills for the sole benefit of their constituents. Every government officer would be required to give account of the funds entrusted to him.¹¹

Jackson came to see the Bank of the United States, and its president Nicholas Biddle, as part of the corrupt Adams-Clay political machine. He had never liked the national bank and had

¹⁰ Robert Young Hayne to Andrew Jackson, June 5, 1827, Andrew Jackson to Richard Keith Call, December 22, 1828, Andrew Jackson to John Coffee, May 12, 1828, Hugh Lawson White to Andrew Jackson, April 7, 1827, in Moser, et al., *Papers of Andrew Jackson*, 6: 335, 546, 457-458, 310.

¹¹ Andrew Jackson to Hugh Lawson White, March 16, 1826, Andrew Jackson to John Branch, June 24, 1828, in Moser, et al., *Papers of Andrew Jackson*, 6: 153-154, 474.

always opposed its establishment in Tennessee. Now the stakes were higher. Supporters reported to Jackson on the Bank's activities. John Fowler from Kentucky, for example, claimed that Clay had lost the support of most of the populace "except the Aristocracy about this place and the dependencies on the United States Branch Banks, as far as their influence prevails they will sustain him." Jackson himself remained publicly silent about the institution during the campaign. At one point a Bank official asked Jackson to recommend suitable individuals in Nashville to serve as directors for the city's branch bank. Jackson remained noncommittal, writing that "never having been, in any manner, connected with Banks, and having very little to do with the one here, I feel myself unable to give you any satisfaction about it." Jackson's reticence masked a distrust of the Bank as presently chartered and operated. But he felt the time was not yet right to confront the institution.¹²

In any case substantive policy issues played a small part in the election of 1828. Political vitriol is not a contemporary phenomenon. The partisans of Adams, generally calling themselves National Republicans, portrayed Jackson as an uncouth backwoodsman, so irascible and impetuous that he could not be trusted with presidential power. They cited his many duels of honor as a Tennessee frontiersman and his authorizations as general of eleven military executions during the War of 1812. They also dredged a story (likely true) that Jackson and his wife Rachel had lived in adultery soon after Jackson had moved to Tennessee. Jackson had boarded with Rachel's family beginning in 1789 near Nashville. Rachel at the time was estranged yet still legally married to her first husband Lewis Robards. Andrew and Rachel

¹² John Fowler to Andrew Jackson, January 2, 1826, Thomas Cadwalader to Andrew Jackson, October 15, 1828, Andrew Jackson to Thomas Cadwalader, November 16, 1828, in Moser, et al., *Papers of Andrew Jackson*, 6: 129, 513, 532.

developed a relationship and eloped to Natchez in December 1789, returning the following summer to Nashville. Robards petitioned for a divorce in the fall of 1790.¹³

Jackson's followers, generally calling themselves the Democratic Republicans, parried these accusations, all the while attacking Adams in kind. William B. Lewis formed a committee in Nashville composed of himself, John Overton, George W. Campbell, John Catron, Josiah Nichol, John McNairy, and other prominent residents to defend Jackson in the papers against the charges of adultery and gratuitous military executions. The committee ably defended Jackson, but such was Jackson's popularity that their efforts may have been unnecessary. Jackson fashioned an image of himself as a self-made man and a virtuous leader, and there was much truth in this image. His military heroism was unquestioned. The Jackson papers recalled the Battle of New Orleans to great effect. A typical ode to Jackson's generalship read, "Jackson coolly and deliberately put to death upward of fifteen hundred British troops on the 8th of January, 1815, on the plains below New Orleans, for no other offense than that they wished to sup in the city that night." Attacks on Adams harped on his "Corrupt Bargain," his Federalism, his haughtiness, and his extravagance, including defiling the White House with a billiard table.¹⁴

Following the election, the magnitude of Jackson's victory, and that of his supporters, became apparent. Jackson won 178 electoral votes to Adams's 83. His 56 percent of the popular vote was not exceeded by any presidential candidate until the 20th century. His followers won both houses of Congress. In Tennessee Jackson won over Adams by 44,193 to 2,240. Jackson's support for Tennessee Congressional candidates proved crucial, especially to Felix Grundy's

¹³ Ann Toplovich, "Marriage, Mayhem, and Presidential Politics: The Robards-Jackson Backcountry Scandal," *Ohio Valley History* 5, no. 4 (2005): 8-14.

¹⁴ Parton, *Life of Andrew Jackson*, 3: 140-144.

victory in the race for the Seventh District for the United States House of Representatives, as well as James K. Polk's victory for the Sixth District. Both men would be important allies during the Bank War. Even a scandal involving Governor Houston redounded to Jackson's benefit. Houston resigned the governorship on April 16, 1829. The immediate cause of his resignation was a divorce from his wife of less than three months, Eliza Allen, but the circumstances surrounding this event have remained mysterious. In accordance with the state constitution, William Hall of Sumner County, as speaker of the state Senate, succeeded to the governorship. Hall served out the remaining five months of Houston's term, ensuring the continuance of the daily operations of Tennessee's executive branch, but lacking time or electoral clout to accomplish much else. William Carroll was reelected in the gubernatorial race of 1829, assuring Jackson had an ally, albeit a fickle one, as governor in his home state.¹⁵

Tragedy followed triumph. On December 23, 1828, Rachel Jackson died from a heart attack. Jackson never entirely recovered from the shock. Unlike his wife, Jackson was not particularly devout concerning religion, but his wife's death compelled him to reconsider the Scriptures and Christian hope. Privately subdued as he was, Jackson became even more resolved to cleanse the federal government of its corruption. He blamed her death on his political enemies, and he felt guilt that the attacks she had suffered had been for his sake. As president he overcame his grief by constructing a sense of purpose in saving republican government. As he wrote John Donelson, "it was necessary to perpetuate the blessings of liberty to our country, and to put down misrule." And to John Overton: "why sacrifice myself thus when I have no hope of pleasure here—the only consoling reply; my country has required it, and it is a duty I owe that

¹⁵ White, *Messages of the Governors*, 2: 255-260; Hamer, *Tennessee: A History*, 1: 274-275; William Carroll to Andrew Jackson, May 25, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 239-241.

country to yield to its wishes.” In the election of 1828, he believed, his voters had acted against this influence, an influence calculated to corrupt the elective franchise and mold public sentiment through bribery. Retrenchment of departmental functions would elevate the character of government and assure a more virtuous and independent citizenry.¹⁶

Jackson increasingly believed that republican reform should include reform of the Bank of the United States. He entered office intending to modify or replace the Bank, not destroy it. Jackson up to this point had refused to conduct much business with banks and had opposed many of the paper money schemes of the Tennessee legislature in earlier years. His near-bankruptcy with a land speculator and business partner named David Allison in 1796 had convinced Jackson of the danger of banks and paper. His fundamental objection, however, was that the Bank was unconstitutional. Several elements of the Bank’s charter, Jackson believed, made it so. The Bank’s corporate status meant that its directors operated for the private aggrandizement of its stockholders rather than for the public interest. The Bank, as the depository for public funds, enabled a few individuals to use the public revenue for private profit. Congress and the courts had granted the Bank exclusive privileges—no other national bank could be chartered during its existence, the states could not tax the Bank’s branches, and the states could not tax citizens’ Bank stock. The Bank had monopolized real estate through foreclosures and concentrated power over the currency and the body politic. Such power, Jackson believed, would allow the Bank to transform independent citizen-voters into dependent Bank clients, thereby creating a political machine and assuring the rule of a monied aristocracy.

¹⁶ Andrew Jackson to John Donelson, June 7, 1829, Andrew Jackson to John Overton, June 8, 1829, and “Memorandum on Appointment,” February 23, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 269, 272, 61.

Yet Jackson privately acknowledged the utility of certain functions of the Bank of the United States, and he believed some kind of fiscal agency could be created to provide the benefits of the current banking system without its constitutional, economic, and social detriments. Among the advantages he considered were the transfer of governmental funds between commercial towns, the creation of a uniform currency, and the extension of loans during wartime.¹⁷

Unfortunately for Jackson, no widespread hostility existed against the Bank of the United States. Despite missteps early in its history, the Bank was generally beneficial to the nation's economic activity by the time Jackson became president. Even in Tennessee, the Bank had somewhat mollified the prejudice against it. The origins of Jackson's war, then, were political, not economic, and had more to do with Jackson himself than popular discontent. Not wishing to disrupt the nation's robust commercial activity, Jackson moved cautiously against the Bank. During the first two years of his presidency Jackson vacillated as to what type of institution should replace the Bank. Largely absent in discussions with his advisers was the option of divorcing bank and state and founding the government on the metallic currencies of gold and silver (hard money). Hard money as a program came later, as Jackson grew increasingly frustrated with the intransigence of the Bank's president, Nicholas Biddle. Jackson never intended to curb commerce or destroy credit, even after hard money became Jacksonian

¹⁷ Even before Jackson took office, rumors circulated in the business community of his intent. See Roswell L. Colt to Nicholas Biddle, January 7, 1829, in Reginald C. McGrane, ed., *The Correspondence of Nicholas Biddle Dealing with National Affairs, 1807-1844* (Boston and New York: Houghton Mifflin Company, 1912), 66. His intent is also discussed in Felix Grundy to Andrew Jackson, May 22, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 236.

orthodoxy, for Jackson's own livelihood in the cotton economy depended on both. He sought only to ensure that private interests would never influence public governance.¹⁸

Jacksonian arguments against the Bank had substance, although they were wrong in many particulars. Jackson and his supporters, for example, objected that the Bank earned interest on its business, ostensibly removing wealth that belonged to the citizens, and foreign nationals earning interest via their Bank stock. Also objectionable to the Jacksonians was that private individuals, both domestic and foreign, augmented their wealth from the public revenue. These practices, however, benefitted all parties. Borrowers in the several states, including those in Tennessee, gained capital from Bank and foreign loans, and the lenders received legitimate returns on their investments. Other objections held more power. Jacksonians believed that no corporation should be attached to the government and granted exclusive privileges, especially one entrusted with the nation's currency and public revenue. Such power could indeed cause the ruin of many through debt. The Bank's early history proved that it could feed unwholesome speculation and hinder the real commercial needs of the country. Whether the Bank acted beneficially or detrimentally depended on the skill and probity of its administrators. Jacksonians believed that, whatever temporary good the Bank created, it would eventually devolve into an oppressive institution. Certain fears were misplaced, but Jacksonian distrust of the Bank was not irrational.¹⁹

Jackson vacillated in determining the best solution to the banking question. The proposals considered during the first two years of his administration belie his reputation as a

¹⁸ On the popularity of the Bank, see Howe, *What Hath God Wrought*, 375-395, and Remini, *Andrew Jackson and the Bank War*, 40-43.

¹⁹ "Memorandum on Nicholas Biddle's Letter," September 1829, and "Memorandum on the Bank of the United States," November 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 459, 591.

champion of metallic currency. His first idea involved the substitution of a “National Bank” for the Bank of the United States. He believed that this alternative was the only way to prevent recharter of the present Bank. He spoke of the Bank’s influence being “curbed,” but not destroyed. From these general premises he asked Felix Grundy to formulate particulars. Grundy responded with a proposal that outlined a bank similar to the new Bank of the State of Tennessee, the creation of which he had overseen and the destruction of which Jackson had sought. Grundy seems also to have been influenced by Tennessee’s political conflict between the “state unifiers” and the “state concentrators.” The capital of Grundy’s bank would be \$40 million. The revenue basis would be that of the United States. Half of the capital would go to the states, proportional to their representation in Congress, and each state would receive a branch. The profits arising from this portion of the capital could be applied to internal improvements as directed by Congress and with the state’s consent. In this way the state would realize the profits of its own branch, thus retaining its sovereignty and ownership of the improvements. The other half of the capital would be distributed in the large commercial cities to aid the nation’s exchange and supply its revenue. The parent bank would be located in Philadelphia, and the directors would be elected by Congress. The selection of the branch directors presented difficulties. To place the selection in the hands of the parent directors would be to grant them too much power. Selection by Congress would make the process unaccountable. Nor could the state legislatures make the selection because in times of crisis disaffected states might withhold government funds. Grundy finally suggested selection of the branch directors by the state delegation in Congress.²⁰

²⁰ Felix Grundy to Andrew Jackson, October 22, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 505-506.

Jackson and his advisers considered Grundy's entire proposal inexpedient, but elements of his plan were incorporated into other proposals. Amos Kendall, a pro-Jackson journalist whose loyalty Jackson had rewarded with an appointment in the Treasury Department, had held animosity against the Bank of the United States since his days as an editor-in-chief for the Kentucky newspaper *Argus of Western America*. Kendall also recommended a national bank based upon the revenue of the United States and attached to the Treasury. The principal bank would be located in Philadelphia and oversee branches in every state. The principal bank's directors would be appointed by the President with the advice and consent of the Senate. Branch directors would be chosen by state legislatures. The bank would deal in exchange, discount notes, and distribute the public funds to other states and foreign entities. Kendall suggested that during wartime the bank's notes could represent the public debt by making them bear a moderate interest and thus make them an attractive investment to citizens and foreigners.²¹

Such proposals made the so-called "Hydra of Corruption" look like a common garden snake. The opportunities for patronage and executive influence exceeded that of the Bank of the United States, given that the proposed banks would be managed by salaried officers appointed by the government. Treasury Secretary Samuel Ingham wrote Jackson as much. He objected to a bank founded solely on government capital with the power to issue notes, for there would be no private stake on the part of the directors to limit loans. The only safe option for a public bank, he believed, was a bank of deposit. Ingham seems to have had in mind banking as it was first practiced in early modern Europe, in which banks accepted deposits from customers, charging a small fee for safekeeping their funds. Depositors drew on each other by checks, thereby settling

²¹ Amos Kendall to Andrew Jackson, November 20, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 561-563.

debts by book credit; such transactions often involved the payment of bills of exchange. Deposit banks, therefore, aided commerce. Because deposit banks made no loans on deposits, they maintained a 100% reserve ratio, meaning that all obligations of the bank could be met by specie in its vaults. All these traits of deposit banking appealed to Jackson—deposit banks were not incorporated, they were run by public officers, and they supported the marketing of surplus products without resorting to note issues.²²

Jackson's initial dealings with Nicholas Biddle, president of the Bank of the United States, confirmed his belief that reform was necessary. Biddle could not have been more different from Jackson. He was a man of some privilege, but he made the most of the opportunities given him—born in Philadelphia to a family of some social standing, he graduated from the College of New Jersey (later Princeton University) at the age of 15, practiced law, served in the Pennsylvania state legislature, edited the journals of Lewis and Clark, and became a defender both of the first and second Banks of the United States. His defense of national banking earned him an appointment by President James Monroe as government director for the second Bank of the United States in 1819, and the Bank's board of directors elected him president in 1822. In this capacity he saved the Bank, making it profitable to the stockholders and useful to the nation's business. The Bank's public reputation was so high by 1828 that Biddle's associates recommended an early application for recharter. There was some concern among the Bank's friends that Jackson's administration would be hostile to it. Biddle saw no danger. He had voted for Jackson and refused to believe that any administration "would venture

²² Samuel Delucenna Ingham to Andrew Jackson, November 26, 1829, November 27, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 576-577, 578. On deposit banking see R. H. Inglis Palgrave, ed., *Dictionary of Political Economy*, vol. 1, A-E (1894; reprint, London: Macmillan and Company, 1901), 103-105. Jackson increasingly considered deposit banking in 1830. This development will be discussed below.

to set the monied concerns of the country afloat as they once were.” His optimism betrayed a naivety that did not serve him well when dealing with Jackson. Biddle expected that the Bank’s performance would speak for itself. Consequently, when answering Jackson’s challenges concerning the Bank’s conduct, Biddle lacked tact.²³

Two episodes in 1829 demonstrated Biddle’s frankness and, thus, his political ineptitude. The first, emerging in January 1829, involved accusations that the Louisville and Lexington branches of the Bank had extended discounts to Adams supporters but not Jackson supporters. Senator Richard M. Johnson of Kentucky wrote John McLean, the postmaster general under John Quincy Adams but a Jackson supporter, and requested that he speak to Biddle regarding the charges. Johnson included names to consider for appointment as branch directors. McLean submitted the request and the names to Biddle. “Being friendly to the Bank myself,” he wrote, “I should regret to see a political crusade got up against it. Some, I know are ready to engage in this course.” Biddle’s response was too truthful. He first wrote the local branch directors in question and instructed them to conduct an investigation and make recommendations on the names given by Johnson. Biddle impressed on them to keep politics out of the Bank’s affairs, but he refused to believe such conduct had occurred. To McLean Biddle wrote that “I have never heard of any suspicion even, that any officer of the Bank has intermeddled with politics.” He pointed out that political biases occurred naturally at the branches—Jackson men, for example, ran the branch at Nashville, while Adams men ran the branch at Boston. Yet he

²³ For Biddle’s early years see Govan, *Nicholas Biddle*, 1-77. For the Bank’s popularity see George Hoffman to Nicholas Biddle, December 20, 1828, in McGrane, *Correspondence of Nicholas Biddle*, 61. Nicholas Biddle to George Hoffman, December 22, 1828, in McGrane, *Correspondence of Nicholas Biddle*, 62. That Biddle voted for Jackson is implied in Joseph Gales, Jr. to Nicholas Biddle, November 24, 1828, in McGrane, *Correspondence of Nicholas Biddle*, 56. Within two months, however, Biddle had evidence that Jackson was not friendly to the Bank. See Roswell L. Colt to Nicholas Biddle, January 7, 1829, in McGrane, *Correspondence of Nicholas Biddle*, 66. On Biddle’s naivety see Hammond, *Banks and Politics*, 296-297.

admitted in a separate letter to McLean, marked “confidential” and written the previous day, that before he became the Bank’s president, the branches in Kentucky had experienced losses “incurred by loans to prominent politicians of all sides whose influence procured them undue facilities.” No safeguards besides the integrity of the Bank’s managers prevented abuse. Biddle, however, could not see how dangerous this appeared to the Jacksonians. He accepted without question the report of the Louisville and Lexington branches, whose directors reported no misconduct and rejected the names submitted by Johnson. Biddle had no reason to doubt the report, for Jackson men served as directors for both branches, but he failed to perceive the forthcoming political dangers.²⁴

The second episode involved Jackson personally. On July 17, 1829, Isaac Hill, second Comptroller of the Currency and former editor of the leading Jackson newspaper in New Hampshire, sent two petitions to the Philadelphia office of the Bank of the United States, one signed by 58 citizens of Portsmouth, New Hampshire, and the other signed by 56 members of New Hampshire’s legislature. Both petitions accused Jeremiah Mason, the president of the branch bank at Portsmouth, of partisan management. About this time Senator Levi Woodbury of New Hampshire complained of Mason’s conduct to Secretary Ingham. Ingham forwarded the letter to Biddle, noting that similar complaints of partisan management had been received from Kentucky and Louisiana. Biddle’s response suggested that the complaints stemmed from Mason’s efforts to end overly generous discount renewals. In a sweeping assertion of the Bank’s

²⁴ John McLean to Nicholas Biddle, January 5, 1829, in McGrane, *Correspondence of Nicholas Biddle*, 63-64; Nicholas Biddle to John Harper, January 9, 1829, in McGrane, *Correspondence of Nicholas Biddle*, 67-68; Nicholas Biddle to John McLean, January 10, January 11, 1829, in McGrane, *Correspondence of Nicholas Biddle*, 68-71; Nicholas Biddle to George Hoffman, November 22, 1829, in McGrane, *Correspondence of Nicholas Biddle*, 87-88; Walter Dun to Nicholas Biddle, August 14, 1829, in McGrane, *Correspondence of Nicholas Biddle*, 73-74; Govan, *Nicholas Biddle*, 113.

integrity he wrote, “I believe that there are not in the whole country, any other five hundred persons of equal intelligence so abstracted from public affairs, as the five hundred [national and state branch directors] who are employed in administering the bank; and I am satisfied that no loan was ever granted to, or withheld from any individual, on account of political partiality or hostility.” This choice of language raised the ire of Ingham, who reiterated his request for an investigation and argued that Biddle’s claim of the Bank’s integrity “must be received rather as evidence of your own feelings, than as conclusive proof of the fact so confidently vouched for.”²⁵

Biddle traveled to Portsmouth to commence an investigation. In the meantime the Bank’s directors prejudiced the administration against whatever the investigation found, with Thomas Cadwalader, the Bank’s acting president, writing to Ingham that the directors would leave it to Biddle to “determine whether it was necessary to prolong a correspondence, on a topic not less new than ungracious.” Biddle’s exoneration of Mason, of course, was met with skepticism by Ingham and Jackson. It should be said that, besides the accusations themselves, there is no evidence Mason acted improperly or that Biddle managed a cover-up. Biddle genuinely desired that the Bank abjure political favoritism or party factionalism. Indeed, Biddle had finally begun to suspect that the attacks against the Portsmouth branch were politically motivated by Jacksonians in that town. Yet he proved too much when, at the conclusion of his investigation, he wrote Ingham on September 15 stating that the Bank’s directors “acknowledge not the slightest responsibility of any description whatsoever to the Secretary of the Treasury

²⁵ Parton, *Life of Andrew Jackson*, 3: 260-262; Samuel Delucenna Ingham to Nicholas Biddle, July 11, 1829, Nicholas Biddle to Samuel Delucenna Ingham, July 18, 1829, Samuel Delucenna Ingham to Nicholas Biddle, July 23, 1829, in United States Congress, House of Representatives, *United States Congressional Serial Set 227, Document No. 460*, 22nd Congress, 1st Session (1832), pp. 438-439, 440-446, 446-448.

touching the political opinions and conduct of their officers—that being a subject on which they never consult and never desire to know the views of any administration.” Jackson quoted this sentence in a memorandum as he and Ingham discussed potential responses. Bank officers’ haughty responses to the administration incensed Jackson. He dismissed any defenses Biddle made of the Bank in his September 15 letter. When, for example, Biddle made reference to the Bank’s utility in commencing operations to extinguish the public debt, Jackson wrote in shorthand, “why this so often mentioned—answer for political effect—and newspaper slang.” Ingham’s official response to Biddle was measured. He accepted the results of the investigation but affirmed the right of the executive to oversee the Bank.²⁶

The matter appeared resolved. Biddle subsequently received from William B. Lewis assurances that Jackson had no designs against the Bank. Lewis wrote that Jackson “requests me to say, that he has too much confidence in you [Biddle] to believe, for a moment, that you should knowingly tolerate [corruption] in the Branches of your Bank.” Later Lewis indicated that Jackson might even credit the Bank regarding payment of the national debt. From Matthew L. Bevan Biddle received even more encouraging news. Bevan claimed that Jackson said that the Bank “was a blessing to the Country administered as it was, diffusing a healthfull circulation, sustaining the general credit without partiality or political bias.” Jackson, according to Bevan, also praised the Bank’s utility in furnishing the government with funds. Biddle himself conversed with Jackson, and Jackson expressed full confidence in Biddle’s conduct, though he

²⁶ Thomas Cadwalader to Samuel Delucenna Ingham, August 4, 1829, Samuel Delucenna Ingham to Thomas Cadwalader, August 5, 1829, Nicholas Biddle to Samuel Delucenna Ingham, September 15, 1829, Samuel Delucenna Ingham to Nicholas Biddle, October 5, 1829, in United States House of Representatives, *Serial Set 227, Document No. 460*, 22nd Congress, 1st Session, pp. 448, 449, 450-456, 456-469; “Memorandum on Nicholas Biddle’s Letter,” September 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 459.

added that “I do not dislike your Bank any more than all banks. But ever since I read the history of the South Sea bubble I have been afraid of banks.” Jackson’s flattery of Biddle’s personal conduct notwithstanding, Biddle possessed enough evidence to deduce Jackson’s prejudice, but he never doubted Jackson would speak positively of the Bank during the upcoming First Annual Message to Congress.²⁷

Jackson did the opposite. In this he went against most of his Cabinet—even Amos Kendall advised reticence—because his constitutional objections and his belief that the Bank would create a political machine of dependent debtors compelled him to act. Two factors, however, mitigated the severity with which he attacked the Bank in the Annual Message. First, as Bevan indicated to Biddle, and as the administration’s own policy proposals up to this point demonstrate, Jackson was not definitely opposed to a national currency or temporary borrowing by the federal government. He opposed the present system in which the government used a private bank to achieve these ends, but he vacillated between the establishment of a new national bank or of a mere government depository. Second, Jackson realized the political prudence in his advisers’ recommendations for caution, although he came to this realization with difficulty. Initial Cabinet members’ drafts for the message and Jackson’s own notes all mentioned the corporate structure of the Bank of the United States, which allowed private individuals to profit from the public revenue, the exemption of the Bank from state taxation, the Bank’s exclusive privileges, and its failure to maintain a uniform currency. In paring these objections Jackson’s primary adviser was James A. Hamilton, a son of Alexander Hamilton but a Jacksonian in

²⁷ William B. Lewis to Nicholas Biddle, October 16, 1829, Extract from William B. Lewis to Henry Toland, November 9, 11, 1829, Matthew L. Bevan to Nicholas Biddle, October 21, 1829, Nicholas Biddle to George Hoffman, December 15, 1829, in McGrane, *Correspondence of Nicholas Biddle*, 79-80, 84-85, 81-82, 91-92.

politics and a friend of the President. Hamilton arrived in Washington from New York City on November 27, 1829, dining with Jackson that evening at the President's House. The next day, following breakfast, Jackson provided Hamilton with a room in which Hamilton, amid scraps and drafts, edited all day and into the night, finally finishing at four o'clock in the morning. On that part of the message relating to the Bank of the United States, Hamilton found that the working draft attacked the Bank of the United States "in a loose, newspaper, slashing style." Taking little respite, Hamilton presented his draft to Jackson at eight o'clock. This version questioned the constitutionality of the Bank and claimed that the Bank had failed to provide a uniform and sound currency. Hearing this Jackson asked, "Do you think that is all I ought to say?" Hamilton replied, "I think you ought to say nothing at present about the bank," to which Jackson rejoined, "Oh! My friend, I am pledged against the bank, but if you think that is enough, let it be so."²⁸

It was enough. In the official First Annual Message to Congress Jackson mentioned the fact that the Bank's charter would expire in 1836 and stated his desire to place the question of renewal before the public so that ample time could be had to decide the issue. Jackson refrained from his most pointed objections to the Bank, but rather, following Hamilton's laconic draft, stated that "both the constitutionality and the expediency of the law creating this bank are well questioned by a large portion of our fellow citizens, and it must be admitted by all that it has failed in the great end of establishing a uniform and sound currency." Jackson added a proposal

²⁸ John Macpherson Berrien to Andrew Jackson, November 27, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 578; Amos Kendall to Andrew Jackson, November 20, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 561-563; Samuel Delucenna Ingham to Andrew Jackson, November 27, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 580; "Memorandum on the Bank of the United States," November 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 591; Andrew Jackson to James Alexander Hamilton, December 19, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 642; James A. Hamilton, *Reminiscences of James A. Hamilton; or, Men and Events, at Home and Abroad, During Three Quarters of a Century* (New York: Charles Scribner, 1869), 150.

that outlined a national bank founded on the credit of the government that would avoid constitutional difficulties and secure the advantages supposed to be enjoyed under the present Bank.²⁹

Proper engagement of the federal government in economic progress continued to occupy Jackson's administration during the year 1830. Jackson aimed to eradicate corruption, writing after his First Annual Message to James Alexander Hamilton that the Bank "was daily gaining strength, and by its secrete operations was adding to it, by pushing its branches everywhere; and, by its management, silencing opposition, by its corrupting influence, and preparing for a renewal of its charter, which I viewed as the death blow to our liberty." Yet Jackson still concerned himself with meddling as little as possible with the nation's commerce. His consistent aim is evident in a private memorandum which became the basis for his Second Annual Message to Congress, in which he wrote, "it becomes us to enquire, whether it be not possible to secure the advantages afforded by the present Bank, through the agency of a Bank of the United States so modified in its principles and structure as to obviate constitutional and other objections."³⁰

Absent in these proposals was a holistic hard money program. Senator Thomas Hart Benton of Missouri, Jackson's ablest supporter in the Senate, became the Congressional leader in hard money policy. At first, however, he too proposed to Jackson a substitute for the Bank of the United States. Benton sent Jackson a plan originally created by John Randolph, a Jeffersonian, during the debate over recharter of the first Bank of the United States. Randolph's plan involved

²⁹ Andrew Jackson, "First Annual Message," in Richardson, *Compilation of the Messages and Papers of the Presidents*, 2: 1025.

³⁰ Andrew Jackson to James Alexander Hamilton, December 19, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 642; "Memorandum Book on the Bank of the United States. Message for 1830," in Daniel Feller, Thomas Coens, and Laura-Eve Moss, eds., *The Papers of Andrew Jackson*, vol. 8, 1830 (Knoxville: The University of Tennessee Press, 2010), 601.

making the custom houses branches of a national bank of deposit. Receipts of the customs houses would provide substantial capital for a paper circulation. The government would have flexibility to meet or, if necessary, finance its obligations, so that, said Randolph, “whensoever Government might stand in need of a few millions, instead of borrowing their own money from a knot of Brokers, or the credit of said Brokers, it might, under proper restrictions, issue its own paper in anticipation of future revenues, or taxes to be laid.” The discounting of private paper would be left to individuals and would have no connection to the public revenue or a sound paper currency.³¹

Moses Dawson, Jacksonian editor of the *Cincinnati Advertiser*, also supported paper currency. He agreed with Jackson that the present Bank was unconstitutional, and he supported the creation of a new national bank. Lending and speculating in money, he believed, should be left to private citizens. But a national bank could issue paper money to pay government officers and fulfill government contracts and thus establish a currency that could act as a national circulating medium. The paper could be used to pay for imports and public lands, thereby negating any need to redeem it in specie. If branches were created, then drafts or treasury notes could be issued to local merchants in exchange for specie.³²

Jackson himself continued his efforts to craft a new national bank both constitutional and useful to exchange. He remained committed to a bank owned and operated exclusively by the government. On this point he disagreed with James Alexander Hamilton. Hamilton maintained

³¹ Thomas Hart Benton to Andrew Jackson Donelson, December 17, 1829, in Feller, et al., *Papers of Andrew Jackson*, 7: 641-642. Benton later recalled that he and Jackson knew each other’s opinion on the Bank, but they had not discussed reviving the gold currency or creating an independent treasury. See Thomas Hart Benton, *Thirty Years’ View; or, a History of the Working of the American Government for Thirty Years, from 1820 to 1850*, vol. 1 (New York: D. Appleton and Company, 1883), 475.

³² Moses Dawson to Andrew Jackson, July 5, 1830, in Feller, et al., *Papers of Andrew Jackson*, 8: 410-411.

that a national bank had to be a mixed public-private institution because a measure of private investment would create an interest in proper management; an entirely public bank founded on government capital and operated by salaried officers would produce strong enticements to corruption. Jackson responded that the new bank “should belong to the nation exclusively, all its emoluments to accrue to the nation, to the whole people, and not to a few monied capitalists.” Otherwise Jackson believed that his new bank would perform several of the same functions as the Bank of the United States. As he presented the plan in the Second Annual Message to Congress, the new bank would be organized as a branch of the Treasury Department. Its capital would be based on public and individual deposits. This unincorporated institution would have no stockholders, no debtors, and no property. Its officers would manage the transfer of government funds. Its expenses would be met by allowing its officers to sell bills of exchange to private businessmen. During wartime the bank, with Congressional approval, could issue notes to enlarge the nation’s financial capacity. Under normal conditions paper currency would be supplied by the states through their own banks. The new national bank, though issuing no paper, would check the issues of the state banks by taking their notes in deposit and for exchange as long as such banks redeemed their obligations in specie. These were the beginnings of the Bank War.³³

That Jackson and his advisers felt compelled to devise alternatives to the Bank of the United States, rather than destroy it outright, testifies to the Bank’s beneficial effects and its

³³ Andrew Jackson to James Alexander Hamilton, June 3, 1830, James Alexander Hamilton to Andrew Jackson, June 7, 1830, in Feller, et al., *Papers of Andrew Jackson*, 8: 343, 352-353; Andrew Jackson, “Second Annual Message,” December 6, 1830, in Richardson, *Compilation of the Messages and Papers of the Presidents*, 2: 1091-1092; “Memorandum Book on the Bank of the United States. Message for 1830,” November 1830, in Feller, et al., *Papers of Andrew Jackson*, 8: 601-604.

initial political strength. At the time of Jackson's First Annual Message, no nationwide hostility existed against the Bank. In Jackson's home state, opposition was stronger, but the Bank's actual operations in Tennessee had assuaged some public sentiment. The *National Banner and Nashville Whig* said that the President's message regarding the Bank "was perhaps premature, and unnecessary at present," although the paper acknowledged that the Bank would inevitably become a topic of controversy as the charter's expiration drew closer, so that Jackson's notice was appropriate to bring the topic for early consideration. To Biddle may be attributed the rise in the Bank's reputation from its nadir during the Panic of 1819. Whatever his shortcomings as a political operator, Biddle excelled as the Bank's president. Before Biddle the Bank had hindered commerce, especially in the South and West. The response of the Bank's previous president, Langdon Cheves, to the Panic of 1819 involved the prohibition of its southern and western branches to issue notes. Dearth of a national currency in the interior meant that merchants in the coastal cities charged high exchange rates to borrowers living in the interior. High exchange charges reflected the dubious value of paper money circulating in the West, and it reflected the risks incidental to agricultural activity, especially crop damages or shortages during the planting season. Nashville merchants, for example, purchased Tennessee staples at low prices, exchanged them for Philadelphia goods, and sold them high to Tennessee farmers and planters. Immediately preceding the establishment of the Nashville branch of the Bank of the United States Tennessee merchants still paid 9%-12% premium to draw northeastern bills.³⁴

³⁴ Howe, *What Hath God Wrought*, 375-395; Remini, *Andrew Jackson and the Bank War*, 40-43; *National Banner and Nashville Whig*, December 19, 1829, Microfilm, TSLA; *Wilson's Knoxville Gazette*, June 2 and 9, 1810, Microfilm, McClung Collection; Josiah Nichol to Nicholas Biddle, July 20, 1830, in McGrane, *Correspondence of Nicholas Biddle*, 106.

Under Biddle's leadership the Bank of the United States became a colossus. It did so by expanding its operations into the southern and western interior of the country, which included the cities of Mobile, Natchez, Nashville, Louisville, Lexington, St. Louis, Cincinnati, and Pittsburgh. The Bank maximized the commercial potential of the Mississippi and Ohio Valleys, and New Orleans became the entrepot where the goods from these regions were marketed and transported. King Cotton, later believed by southerners to be an independent monarch, was in fact a tetrarch appointed by King Finance. Biddle permitted the interior branches to issue notes, but with the requirement that most of the notes be used to purchase bills of exchange, rather than using them to discount personal security. The purchase of bills represented a safer loan for the Bank relative to loans on personal security. The former loan represented a specific commercial transaction for goods to be sold. If the drawer failed to pay, then the Bank could institute legal proceedings against any and all endorsers to redeem the bill. The latter loan represented a credit secured only by the borrower's personal or real property. If the borrower defaulted, the Bank's recovery of the collateral was slow and costly. The purchase of bills had one more advantage. Such loans were self-liquidating, in that the funds to meet the debts naturally emerged from the sale of the goods which the bills of exchange represented. Biddle said that his innovations enabled the Bank to operate "in those sections of the Union where there is less banking capital and where the productions of the great staples of the country seem to require most assistance in bringing them into the commercial market." His policies ensured the Bank's safety, increased its profitability, and made its operations useful to American farmers, planters, merchants, and manufacturers.³⁵

³⁵ Nicholas Biddle to A. S. Clayton, April 16, 1832, in United States House of Representatives, *Serial Set 227, Document No. 460*, 22nd Congress, 1st Session, p. 316; Walter Buckingham Smith, *Economic Aspects of the Second Bank of the United States* (Cambridge: Harvard University Press, 1953), 135-136; Govan, *Nicholas Biddle*, 84; Hammond, *Banks and Politics*, 317.

Biddle also created branch drafts. The drafts were like cashiers' checks. The Philadelphia office prepared them in blank and distributed them to the branches as the local directors drew them. Branch directors endorsed the notes payable to bearer and issued them according to their business needs in denominations of \$5, \$10, or \$20. The drafts circumvented a provision in the Bank's charter which required that all notes be signed by the president and countersigned by the cashier of the Philadelphia office. Neither officer had the time or the stamina to sign the amount of notes required for the nation's economic activity. The drafts succeeded in spreading the work of signing notes and meeting business demand for loans. Branch drafts completed the process whereby the Bank established a uniform national currency. The Bank's interior business grew apace. In 1824 the Bank's purchases of domestic bills of exchange amounted to \$2,540,000. By 1828 the amount was \$8,140,000; in 1831, \$27,000,000; and in 1832, \$40,900,000.³⁶

Tennessee planters and merchants, especially those living in Nashville and Middle Tennessee, benefitted from the expansion of the Bank of the United States into southwestern agriculture. The Nashville branch of the Bank of the United States, commencing operations in 1827, performed much the same functions as Tennessee's preceding state and private banks. The difference was one of scale. Nashville became one of four cities, the others being New Orleans, Lexington, and Louisville, that performed 80% of the Bank's interior exchange dealings. Tennessee's chartered banks, even during the good times, could never match the national bank's network of correspondents, both foreign and domestic, that enforced collections and equalized exchange rates. National bank branches existed in every region of the country and empowered

³⁶ Remini, *Andrew Jackson and the Bank War*, 37-38; Hammond, *Banks and Politics*, 399; Smith, *Economic Aspects*, 52; Catterall, *The Second Bank of the United States*, 142-143.

the central office to craft uniform fiscal and monetary policy. The Nashville branch bank experienced rapid growth and soon made itself into the central node of the cotton trade in Middle Tennessee and North Alabama. Tennessee merchants shipped products to New Orleans and drew bills of exchange founded on the sale of goods in that city. The Nashville branch then either purchased the bills or took them for collection for remission to New Orleans. At this point both the merchant and the planter either settled previous loans or received Bank notes in payment.³⁷

The Nashville branch also made purchases of northern and European manufactured goods easier. Merchants, travelling to an eastern city like Philadelphia, carried Bank notes or drafts on the Philadelphia office. Either type of paper was acceptable in any city. Eastern purchasers thus collected Nashville branch paper, creating a balance of indebtedness against that branch. The debt was settled when eastern purchasers exchanged their Nashville branch paper for drafts on the New Orleans branch, or for bills of exchange on England or the northeastern cities held by the New Orleans branch. Such bills arose from the shipment of goods from New Orleans to the northeast, or from the drawing of domestic bills of exchange on the northern correspondents of southern merchants to whom foreign bills of exchange had been sent. Instead of paying 9%-12% premium on northeastern bills, now Tennessee merchants could obtain Bank of the United States checks at a premium of 0.5%-1%. The national bank's extent made the shipping of imports and exports from the state less expensive. Biddle said that "no facilities of traveling and transportation can so completely abridge the wide spaces which separate the parts of this extensive country, as the removal of those great barriers which the want of easy commercial

³⁷ Smith, *Economic Aspects*, 43.

exchanges interpose to their prosperity.” The only interests not served by this change were the speculators and brokers who had bought and sold eastern bills for inordinate profit.³⁸

Ideally under Biddle’s system the Bank would concentrate on supplying the means for national exchange, accepting customers who had exchange to buy or sell. Local and state banks would provide discounts to borrowers who needed funds but who had no produce to sell. Tennessee had no such banks. The state-chartered Nashville Bank was defunct, and the old state bank had closed on the retirement of Hugh Lawson White. Yeatman, Woods and Company operated with integrity and skill, but because of its private status its owners were liable to the full amount of the bank’s debts. To make discounts available on a large scale was too risky. That left the new state bank. Its example was not encouraging. One commentator described Tennessee’s state banks as “mischievous, grievous, odious, immoral, radically vicious, injudicious, wreckless, all-devouring, anti-Republican, fraudulent, usurious, oppressive, monopolizing, and last but not least *crazy*.” His description was not hyperbole. Debtors paid from 12%-25% on borrowed money. Borrowers found it difficult to repay the money and had resorted to renewing their notes rather than redeeming them. The state’s profit margin approximated 3%. Many of the new state bank’s agents had used the public money for private gain. These factors induced Governor Carroll to call for the bank to be investigated and closed in his legislative message of October 5, 1829, at the commencement of the session of the General Assembly. Senator Adam Huntsman, chairman of the Committee on Banking, followed Carroll’s recommendation. He proposed, and the General Assembly agreed, that a joint

³⁸ Smith, *Economic Aspects*, 43-44; Josiah Nichol to Nicholas Biddle, July 20, 1830, in McGrane, *Correspondence of Nicholas Biddle*, 106; Nicholas Biddle to A. S. Clayton, April 16, 1832, in United States House of Representatives, *Serial Set 227, Document No. 460*, 22nd Congress, 1st Session, p. 317. Bills on Philadelphia could be had at 1% discount. See *National Banner and Nashville Whig*, December 26, 1829, Microfilm, TSLA.

committee be empowered to inquire into the situation of the Bank of the State of Tennessee. Committee members uncovered fraud, the most egregious miscreant being the bank's cashier, Joel Parrish. He had embezzled about \$200,000, and had allowed friends to overdraw their accounts or draw upon no accounts at all. Nashville's community learned of this affair on January 2, 1830. Parrish fled with the bank's books the next day. State officials, acting under the joint committee's authority, arrested Parrish only after he had hidden the books.³⁹

Pecuniary corruption had come to Tennessee by means of a bank founded on government capital, managed by salaried agents, and operated, ostensibly, for the public interest rather than private gain. A more apropos example of Secretary Ingham's warning to Jackson, that a government bank with the power to lend was unsafe, can scarcely be imagined. By January 14, 1830, the day the committee presented their report to the General Assembly, the committee members had obtained the books and placed them in possession of the state. Parrish admitted under interrogation that he had allowed friends to overdraw on each account to an amount between \$70,000 and \$80,000. He relinquished the books only after receiving a promise that he would not be prosecuted. Several other cashiers had defaulted. Another three years passed before the legislature settled the accounts and closed the bank.⁴⁰

The Nashville branch of the Bank of the United States supplied what Tennessee's state banks could not. Its directors did so by allowing borrowers to draw on New Orleans. The borrower was charged for interest and exchange by the Nashville branch at 1.5% premium plus the regular 6% interest rate and for a fee by the New Orleans branch to accept the draft at 1.5%.

³⁹ "Solon" quoted in *National Banner and Nashville Whig*, June 11, 1829, Microfilm, TSLA; Carroll quoted in White, *Messages of the Governors*, 2: 261-263.

⁴⁰ Tennessee House Journal quoted in White, *Messages of the Governors*, 2: 273-276; Campbell, "Development of Banking in Tennessee," 55-61.

When the bill matured, usually between 2 to 6 months, the New Orleans branch returned the draft to Nashville for collection, or the borrower bought a bill in Nashville and sent it to New Orleans as payment. This was an expensive lending method, and it caused some discontent with the Bank in Tennessee. Alfred Balch, a neighbor of Jackson's, wrote the President to describe this system and said that "so that the object of this immense institution is to make money—to secure a large dividend for the benefit of the great stockholders on the other side of the Atlantic." Yet the branch's loans were not so expensive as to discourage their use. Balch himself talked of the borrowers buying expensive houses and clothing their children in the latest fashions. He feared for the Bank's customers, writing, "what may remain of the wrecks produced by these splendid follies, will after a few years be seized on by this Mammoth Bank." Balch, like Jackson, believed that the Bank's only end was corruption, whatever temporary benefits it produced. Yet he did not consider his own house or Jackson's Hermitage as extravagant displays, nor did he consider the credit that he and Jackson used to ship and market their own cotton impure.⁴¹

Growth in the Bank's financial operations indirectly encouraged personal enterprise and consumption. A private debt market of accommodation endorsements expanded opportunities in the growing cotton market. Accommodation endorsements allowed borrowers to enter markets or purchase amenities that would otherwise be closed to them. These borrowers did not have the credit by themselves to gain loans from lenders. In such cases a borrower would make a promissory note made payable to an endorser. The endorser signed the note, thus lending their

⁴¹ Alfred Balch to Andrew Jackson, January 8, 1830, in Feller, et al., *Papers of Andrew Jackson*, 8: 19. On the need for a state bank for local discounts, see *National Banner and Nashville Daily Advertiser*, April 9, 1833, Microfilm, TSLA.

credit, but not their financial capital. Sometimes endorsers would take mortgages on the borrower's slaves or other property in consideration. The borrower would then negotiate the note to a lender. Accommodation endorsers expected remuneration for collateralizing these loans. Some guaranteed credit in exchange for consignments of crops from small growers. Others received a percentage of the loan's proceeds. Borrowers, however, did not use accommodation endorsements only for farming. Indeed they used endorsements to leave the farm. Small borrowers bundled their loans, getting endorsers A, B, C, and so forth to endorse for small amounts separately. Borrowers could then obtain a loan, buy property, pay down what was borrowed, and obtain a large credit from which they could finance the buying and selling of goods to the agricultural community. Retail and wholesale store accounts proliferated as merchants established their own stores or created an account with an existing store from which to sell produce and buy finished goods for their agricultural clients. Accommodation loans incensed Judge John Catron, one of the justices on Tennessee's Supreme Court of Errors and Appeals. He asked farmers and mechanics, "are you not ridden down by unprincipled adventurers, in cloth and ruffles, who but the other day, through sheer worthlessness, deserted the plough ... now turned merchants, or mock gentlemen in some form, upon the credit of those, from whose sides they so lately deserted[?]" Catron proposed outlawing transactions in which one was bound for the debt of another by endorsement. That plan, however, would have enervated much of the purchasing power in Nashville, leaving farmers and mechanics to sell to the few of those wealthy enough to purchase their produce and labor outright. It is doubtful that Catron wanted his proposal to become law. His main purpose was to attack the Bank of the United States. He wrote that "the present system of securityship and credit, is heaping into

masses in the bank” and that cutting off security transactions would “drive those your worst foes from their monied sanctuaries—credit will then be at an end—they must work as you do, or starve.” Given that Catron served as a director of the new state bank, some of his opponents wondered how he would discriminate between loans made on security by his bank and loans similarly made by the national bank. The cultivators of the soil and the laboring people of Tennessee, to which Catron made his appeal, perhaps wondered the same.⁴²

The Nashville branch provided useful services to the city’s commercial sector. Jackson’s casting of the Bank as a hydra, consuming the citizens’ substance and destroying their liberty, bore no resemblance to how the residents of Nashville experienced day-to-day Bank business. Tennessee’s agricultural economy depended on the harvest to meet its Bank engagements. Farming’s hardships and uncertainties, however, could make it difficult to meet debt obligations taken during the year. In such cases the Bank acted with prudential liberality. On October 25, 1831, for example, an early frost around Nashville had damaged the cotton crop. The sales of the crop in New Orleans, consequently, were insufficient to cover the bills of exchange that had been drawn and sold earlier in the year. New Orleans factors drew on their borrowers in Tennessee for the difference between the proceeds of the crop and the loans advanced earlier in the year to finance the season’s planting. Rather than return the bills of exchange to New

⁴² For a general explanation of accommodation lending, see Richard Holcombe Kilbourne, Jr., *Debt, Investment, Slaves: Credit Relations in East Feliciana Parish, Louisiana* (Tuscaloosa: The University of Alabama Press, 1995), 16-25. See Catron’s editorial in *National Banner and Nashville Whig*, June 20, 1829, Microfilm, TSLA. Catron is listed as a director of the new state bank in Wooldridge, *History of Nashville*, 266, and his contemporary opponents ridiculed him because of his state banking interests. See, for example, “Laertes,” in *National Banner and Nashville Whig*, July 7, 1829, Microfilm, TSLA.

Orleans as uncollectable, the Nashville branch directors accommodated borrowers, allowing them to borrow for the upcoming growing season.⁴³

Extending credit in this way required creative financing. The simplest way to meet the drafts of the New Orleans merchants would have been for the Nashville branch to pay them in cash, but, as Josiah Nichol wrote Biddle, “that article is not to be had.” Nichol thus allowed Tennessee merchants and planters to draw drafts on New Orleans. The branch discounted bills of exchange payable in six months, when a new crop of cotton and tobacco would finally allow the liquidation of all the debts. Biddle allowed these indulgences within limits. The branch’s cashier John Sommerville explained that “the unexampled scarcity of money in both Alabama and this State, and our refraining from doing business wherein money is to be advanced on either note or bill, has compelled us to discount safe bills at six months advance, to enable debtors to the Orleans and other offices to meet the paper deposited with us for collection.” Biddle allowed these indulgences for a time but worried that too great an extension of these loans would endanger the Bank. He instructed Nichol to shorten advances on bills of exchange to four months and reduce discounts on personal notes. These measures ultimately worked. The Bank and its customers remained unharmed. The Bank recovered its loans and was compensated for its services by its fees for exchange.⁴⁴

The Bank’s main failure in the West, if it can be so described, was its inability to meet the demand for money. Complaints of scarce money appeared in Tennessee newspapers and in

⁴³ John Sommerville to Samuel Jaudon, November 7, 1832, in United States Congress, House of Representatives, *United States Congressional Serial Set 236, Document No. 121*, 22nd Congress, 2nd Session (1833), pp. 149-150.

⁴⁴ John Sommerville to Samuel Jaudon, November 7, 1832, Josiah Nichol to Nicholas Biddle, November 22, 1832, and “The Western Debts,” in United States House of Representatives, *Serial Set 236, Document Number 121*, 22nd Congress, 2nd Session, pp. 150-153, 174.

the petitions sent to the Tennessee General Assembly throughout the early 19th century. Even when the Nashville branch had increased its circulation to \$1,609,000 by April 1832, a note circulation greater than any office except those in Philadelphia and New Orleans, Sommerville claimed that “no portion of the Union contains a more suffering population, for lack of circulating medium, than does the portion of which this office is the focus.” The demand for a circulating medium was in reality a demand for capital. It was a demand by farmers, planters, and small entrepreneurs for permanent investment in their ventures to assist in developing uncultivated land and primitive towns. Senator Thomas Ewing of Ohio described the plight of the West as a whole in this manner: “In these sections of our country, capital—accumulated capital—does not, and, in the very nature of things, cannot, exist; and there, of all places else, is there need of capital to sustain the enterprise and aid the industry of the people.” The Bank provided what it could, but the demand was too great to be entirely met by its resources.⁴⁵

Despite the Bank’s beneficial effects on Tennessee’s commerce, it remained more controversial in Tennessee than in any other state. Several reasons account for this fact, including the ever-present state banking interests, but Jackson’s influence was significant. His popularity among Tennesseans gave him legitimacy for any actions he took. He could tap into latent hostility to the Bank given Tennessee’s troubled banking history. Many Tennessee politicians in Congress and in the General Assembly might have supported the Bank’s recharter if they had not feared the repercussions of opposing Jackson. Yet opposition to the Bank was

⁴⁵ John Sommerville to Samuel Jaudon, November 7, 1832, in United States House of Representatives, *Serial Set* 236, *Document No. 121*, 22nd Congress, 2nd Session, pp. 150-151; Catterall, *Second Bank of the United States*, 413-414; Hammond, “Long and Short Term Credit,” 89-93; United States Congress, *Register of Debates, Comprising the Leading Debates and Incidents of the First Session of the Twenty-Second Congress* [...], Vol. 8, Part 1, July 11, 1832 (Washington: Gales and Seaton, 1833), 1255.

strongest in those parts of the state which had no direct business with it. Pleasant M. Miller of Knox County, for example, called the Bank “this scarlet whore! this beast that is fattening on the vitals of the laboring class of men!” This opposition existed through much of East Tennessee and West Tennessee. Only Middle Tennessee representatives, whose region benefitted directly from the Bank’s operations in cotton agriculture, dared vote in favor of recharter. Opponents of the Bank, however, agreed only that something had to be done. Some Jackson supporters wanted the Bank to be modified or replaced. Others wanted to rid the state of the Bank entirely and make way once again for a state banking system. None spoke against economic improvement. Many critics attacked the Bank on this point, arguing that it limited the state’s ability to undertake internal improvement projects.⁴⁶

Attacks and defenses of the Bank began appearing in the Nashville papers during the summer of 1829. They continued through 1830 after Jackson’s First Annual Message to Congress. The editorials dealt not only with the Bank itself, but with the proper policies necessary for economic improvement. Catron again was prominent, using the Fourth of July to remind readers of the dangers that the Bank posed to liberty. The Bank had not, Catron argued, contributed to improvement in the construction of roads, bridges, or schools. He warned that the Bank would transform the national government into one based on money, with which it would destroy state sovereignty, purchase the votes of Congress, and oppress the people. This

⁴⁶ State senators from the Middle Tennessee counties of Davidson, Wilson, Robertson, Montgomery, Dickson, Rutherford, Williamson, Franklin, Warren, Hickman, Lawrence, Wayne, Hardin, and McNairy provided the majority of the votes against instructing Tennessee’s senators in Congress to vote against recharter. The only exception was Senator John Tipton, who represented the counties of Washington, Greene, Cocke, and Sevier. The measure passed the state Senate 10-7. See *National Banner and Nashville Whig*, January 12, 1830, Microfilm, TSLA. See Miller in *National Banner and Nashville Whig*, September 5, 1829, Microfilm, TSLA. For Jackson’s influence see Jean Alexander Wilburn, *Biddle’s Bank: The Crucial Years* (New York: Columbia University Press, 1967), 11-19.

argument, Jacksonian in its denunciation of government by the few, had no necessary affiliation with ideological opposition to banking or commerce. It had often been used by merchants and state bankers during the previous decade to prevent the national bank's entry into Tennessee. Catron, of course, failed to mention that every charge he laid before the Bank of the United States—that it made debtors dependent, that it hindered development, and that it cost the state money—could be more aptly charged to the new state bank of which he was a director. Catron also favored a “national bank” with a framework similar to the proposals considered by the Jackson administration. Politicking in favor of Jackson's opposition to the Bank drew Catron closer to the position of chief justice of the Supreme Court of Errors and Appeals, a position the legislature subsequently created for him in 1831.⁴⁷

Other Bank opponents in Tennessee argued that recharter meant an end to state banks, expansive credit, and internal improvements. They wished to engage in the commercial world and believed the Bank would stifle economic activity. “Perseus,” for example, believed in the efficacy of a national bank of deposit, with the right of the states to accept or decline branches of such an institution, along with the right of the states to charter their own banks. The current Bank, he feared, sought to monopolize the cotton trade: “perhaps *one* steam boat and *one* warehouse might be maintained by the bank, for the purpose of conveying to New Orleans, the cotton raised by their *white* and black *slaves*.” Even staunch proponents of economic diversification could oppose the Bank. Henry Ligget, a hat manufacturer based in Kingston, Tennessee, wrote an editorial in the *Knoxville Register* lamenting East Tennessee's lack of a

⁴⁷ *National Banner and Nashville Whig*, June 20, July 4, August 8, 1829, Microfilm, TSLA; *Knoxville Register*, July 15, 1829, Microfilm, TSLA. For Catron's political calculations, see “Haywood” in *National Banner and Nashville Whig*, August 22, 1829, Microfilm, TSLA.

robust market. He believed the region would flourish if the state supported manufacturers in iron ore, coal, and wool. He dismissed the Bank and merchants, both of which had, he believed, encouraged extravagant purchases on credit leading to perpetual debt.⁴⁸

Constitutional considerations also influenced the debates over banks and internal improvements. East Tennesseans had a pointed debate on this question early in 1830. The national House of Representatives was then considering a bill introduced by Joseph Hemphill of Pennsylvania, who served as chairman of the Committee on Internal Improvements. The Hemphill bill proposed a National Road stretching from Buffalo to Washington D. C., and thence along a western route that would pass through East Tennessee on its way to New Orleans. The strict constructionist editors of the *Knoxville Register* opposed federal aid, instead calling on Tennessee to coordinate with other states to construct the proposed road. The newspaper's editors had also been consistent supporters of state aid for opening the Muscle Shoals of the Tennessee River to steamboat traffic. They believed that these projects would provide employment and money to the region, preventing the concentration of wealth in banks and the taxing of Tennessee's citizens for federal purposes. Proponents of federal aid were more numerous in the less developed areas surrounding Knoxville, including Jonesborough and the Hiwassee District. The editor of the *Farmers' Journal* in Jonesborough assured his readers that "Knoxville is not all East Tennessee." East Tennessee's general opposition to the Bank of the United States did not prevent that region from dividing over federal involvement in economic development.⁴⁹

⁴⁸ *National Banner and Nashville Whig*, July 11, 1829, Microfilm, TSLA. See Ligget's editorial in *Knoxville Register*, September 2, 1829, Microfilm, TSLA.

⁴⁹ For the *Register's* support for improvement of the Muscle Shoals and for construction of a National Road, see *Knoxville Register*, February 6, April 9, 1828, February 18, February 25, September 9, September 30, 1829,

The Bank War in Tennessee had begun in 1817, not 1828, when the General Assembly passed the prohibitory tax on banks not chartered by the state. That prohibition emerged from a variety of ideological beliefs and economic interests. Distrust of the Bank appeared justified during and after the Panic of 1819, as the Bank saved itself at the cost of removing the nation's access to its currency. Tennessee's own experience with banking, however, turned out even worse, for whereas the national bank became useful in the 1820s, Tennessee's state banks either closed or, in the case of the new state bank, became more useful for its officers' personal aggrandizement than for general economic activity. Having no other option, and needing credit, Tennessee permitted the Bank of the United States to establish a branch in Nashville in 1826. The Nashville branch performed well, financing the growth of the cotton economy and encouraging borrowers to undertake their own ventures. Discontent remained, however, both among Tennessee's populace and, more importantly, with Andrew Jackson. Jackson and his supporters believed that the Bank was operating to consolidate control of politics, allowing borrowers to run to excess and thus making them permanent dependents of the Bank. Whatever temporary good the Bank created would be nothing next to the loss of republican independence. To this end Jackson considered several alternatives to the Bank of the United States, with each proposal aiming to end the dangers of the present system without injuring the nation's commerce. Debate over the Bank and banking in Tennessee likewise sought the best means to secure the blessings of improvement.

Microfilm, TSLA. The *Register* and *Journal* went back and forth over federal aid for internal improvements. See *Knoxville Register*, April 21, April 28, May 12, August 25, 1830, Microfilm, TSLA.

Conclusion

The Jacksonian Dissonance

Andrew Jackson eventually succeeded in destroying the Bank of the United States, but its destruction required that the people be made aware of the peril they faced. When Nicholas Biddle applied for a recharter in January of 1832, Senator Thomas Hart Benton recalled that Jackson and his allies decided “to attack incessantly, assail at all points, display the evil of the institution, rouse the people—and prepare them to sustain the veto.” The stakes were high, for the presidential election was in 10 months. Jackson’s veto message thus eschewed economic arguments in favor of political and social ones. Hence Jackson emphasized the supposed influence of foreign stockholders, the danger of monopoly, and the tendency of government to “make the rich richer and the potent more powerful.” As the historian Arthur Schlesinger Jr. noted, Jackson’s “demagogic language” unified his party and his supporters against the Bank while hiding the fact that opponents of the Bank were not agreed as to how to replace it. The message was in the end a political success. The 1832 campaign became, in the Jacksonian press, one of democracy versus aristocracy, laborer versus capitalist, and virtue versus corruption. It was all propaganda. Jackson was reelected. The subsequent battle for public opinion between Jackson and Biddle culminated in the former’s removal of the public deposits and the latter’s curtailment of credit. Biddle and the Bank lost. It became obvious to the public what Jackson had warned about all along—that the Bank possessed inordinate power over the country’s business activity. Its national charter ended in 1836, and it closed for good in 1841. Its end

came not because public opinion demanded it but because Andrew Jackson willed it. In the end Jackson was perhaps the only politician of his time popular enough to win the Bank War.¹

Jackson's efforts against the Bank did little to curb speculation or prevent exploitation. The public deposits henceforth went to state banks selected by the administration, and these "pet banks," all managed by Democrats, used these new funds to expand their discounts. Much of the speculative boom that occurred during the last year of Jackson's presidency can be attributed to the pet banks. Even when the failure of the pet bank scheme forced Jackson's successor, Martin Van Buren, to recommend the Independent Treasury system, bank paper remained the currency of trade. The American economy without paper funding would have grown much slower than it did. To the extent that laborers and farmers distrusted paper money, they did so because of paper's uncertain value. The Bank of the United States had provided an effective currency, nearly uniform in value throughout the Union, but its end once again created a plethora of state and local paper currencies that circulated at varying rates. The ability for employers to pay their employees, or merchants to pay farmers, in depreciated currency increased apace.²

Jackson and his Democracy were double-minded. Culturally and politically they exalted agriculture, independence, and virtue, all bulwarks of true republicanism. Yet economically the Jacksonians sought trade, credit, and advancement. "The people of the United States," wrote an editorialist in the *National Banner and Nashville Whig*, "must and will have commerce." That desire existed among Democratic Republicans and National Republicans, Democrats and Whigs. Jackson's political forerunner, Thomas Jefferson, had conceded to the reality of American

¹ Benton, *Thirty Years' View*, 1: 235; Schlesinger, *Age of Jackson*, 90; Remini, *Jackson and the Bank War*, 100-101; Howe, *What Hath God Wrought*, 386.

² Howe, *What Hath God Wrought*, 393-394.

acquisitiveness, desiring for himself that Americans should remain husbandmen, but realizing that “our people have a decided taste for navigation and commerce.” Nothing had changed by the time Jackson became president, except perhaps that the commercial instinct had grown stronger. Frances Trollope remarked, “every bee in the hive is actively employed in search of that honey of Hybla, vulgarly called money; neither art, science, learning, nor pleasure, can seduce them from its pursuit.”³

Jacksonian Democracy’s enduring accomplishment was the curbing of governmental favoritism, Jackson’s failures regarding the pet banks notwithstanding. Jacksonians primarily objected to artificial distinctions and distributions of wealth created by law. They did not wish to uproot commercial exchanges and the market system. William M. Gouge wrote, “where the distribution of wealth is left to natural and just laws, and the natural connection of cause and effect is not violated, the tendency of ‘money to beget money,’ or rather wealth to produce wealth, is not an evil.” Industry and merit should determine the distribution of wealth. Hard money policy aimed at a metallic circulation for daily transactions, while commercial paper like bills of exchange would still be used to facilitate large transfers of commodities. Jacksonian Democracy in Tennessee reflected Jacksonian Democracy in the nation—a movement ambivalent toward banks but eager to embrace improvement, development, and commerce.⁴

Jackson’s Bank War as an economic policy failed given the circumstances it addressed. The Bank produced a stable economic system that bound the nation together. In Tennessee it

³ *National Banner and Nashville Whig*, July 18, 1829, Microfilm, TSLA; Thomas Jefferson to G. K. van Hogendorp, October 13, 1785, in Merrill D. Peterson, ed., *Thomas Jefferson, Writings*, The Library of America Series (New York: Literary Classics of the United States, 1984), 836; Frances M. Trollope, *Domestic Manners of the Americans* (1836; reprint, New York: Howard Wilford Bell, 1904), 41.

⁴ William M. Gouge, “Principles and Effects of the Banking System,” in Joseph L. Blau, ed., *Social Theories of Jacksonian Democracy: Representative Writings of the Period, 1825-1850* (Indianapolis: Bobbs-Merrill Company, 1954), 184; Schlesinger, *Age of Jackson*, 117-122, and “Appendix,” 525-527.

served to rectify the state's abysmal experience with state banking, and it salvaged its own reputation to some extent. It gave a spring to industry, financing the expansion of the cotton economy and indirectly providing liquidity for the private endorsement market. Yet Jackson's critique of the Bank as possessing too much power has merit. Even in its own day the Bank demonstrated its ability for mischief, and its effects on business, whether for good or ill, depended on the probity of its directors. As Biddle said in response to a Congressional committee member asking if the Bank had ever oppressed the state banks: "There are very few banks which might not have been destroyed by an exertion of the power of the bank. None have been injured." "This," Benton later wrote, "was proving entirely too much." Jackson's destruction of the Bank has been blamed for the excesses of the Gilded Age and the so-called robber barons, but there is no guarantee that the Bank of the United States would have performed better in this period than did the Federal Reserve in restraining the exuberance of the 1920s or relieving the distress of the 1930s. Indeed, the modern central bank has become what Jackson feared most, an institution that finances speculative bubbles, corporate bailouts, and trillions in national debt. What may be the end of these developments is impossible to know, but the Jacksonian warning should not go unheeded.⁵

⁵ Benton, *Thirty Years' View*, 1: 159.

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