CHAPTER III

Banking and Internal Improvements

But my devotion to this peculiar theory of our trade was not so intense or exclusive as to lead me to withhold my earnest cooperation with those who advocated other channels of commerce. The trade of Knoxville languished. The agriculture of East Tennessee continued unremunerative and many of the enterprising and skilful farmers were emigrating elsewhere. The general government had made appropriations to remove the obstructions in the Tennessee River, and the legislature of Tennessee, operating in the same spirit, organised a Board of River Commissioners and gave them the control of monies for the improvement of the streams of East Tennessee. Of these commissioners I was appointed one. We did the best we could with the means and powers with which we were invested—but as in most cases of river improvements our efforts and expenditures were almost worthless. I have almost forgotten the names of my colleagues in this board. Mozier of Jefferson County was one. They were all practical men—honest and patriotic citizens—but we effected very little.

A scheme was also projected to give East Tennessee the advantage of steamboat navigation as far at least up the river as Knoxville. This enterprise was inaugurated by my brother, W. B. A. Ramsey, Doctor James King, William Swan, James Kennedy, Dr. C. W. Crozier, and others—all of Knox County. I took one share—my brother two—he was the largest stockholder and was commissioned by a unanimous vote of the share holders to repair to Cincinnati, Ohio, to purchase or build a boat of such form and tonnage as would best suit the navigation of our shoal rivers. Under his direction the steamboat *Knoxville* was built and brought around to the town for which it was named. The difficulties under which he

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1 The columns of the Knoxville Register carried the account of the building and arrival of the *Knoxville*. Cf., issues of March 16, 23, April 13, May 4, 11, 25, June 29, November 16, December 7, 1831 and February 15, 1832.

At the dinner given by the citizens to Colonel W. B. A. Ramsey to celebrate the arrival of the *Knoxville*, Dr. Ramsey offered toasts to Dr. James King, president of the steamboat
effected the ascent at the Shoals, the Suck and Boiling Pot were almost incredible, and would have led one less enterprising and persevering to abandon the almost hopeless undertaking. *Labor vincit omnia* and by dint of contrivances innumerable and of indomitable energy and indefatigable perseverance he achieved success. On his arrival at Knoxville a vast throng of citizens and strangers assembled on the bank of the river and greeted the arrival with shouts of welcome and applause. Dr. King, one of the most active of the projectors of this nautical enterprise and at that time the mayor of Knoxville, welcomed Colonel Ramsey by a happy allusion to his return after his long absence—and congratulated him upon the success of his enterprise, and hailed the occasion as an auspicious era and as the commencement of a more prosperous commerce for East Tennessee. Colonel Ramsey, standing on the prow of his boat and surrounded by the crew and a few passengers, replied to the address of the mayor, and in a few words recapitulated the difficulties and dangers of the navigation of the river which he had ascended to that point. Other ceremonials and demonstrations followed. Immediate measures were taken to put the boat into the river trade. The result was as I had always believed. There was neither passengers nor freight to keep the *Knoxville* employed. When in port her expenses were greater than when under weigh. The stockholders rented her a while at a very low figure. In a few years they determined to sell her. The sale did not realise but about $90.00 to the share. Though the capital was nearly all lost still this failure and disappointment turned the attention of every one to *land communications* to the South, as the only scheme for the relief of our commerce. Nearly all the stockholders were then young and energetic and in a short time recuperated and forgot their losses. Our example was a caution to other adventures. The boat was sold to Major Swan, one of its first holders. He ran it a while without any adequate remuneration for his purchase money. The boiler and engine were converted into a saw-mill—the hull into, I believe, a wharf boat at Ross's landing (now Chattanooga) and this is the last I ever heard of the S. B. *Knoxville*.

There was an anecdote often told by Major Mynatt about this boat. Its occasion was the last meeting of the stockholders before selling her. Each member of the company was called on to give his opinion what was best

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company, and to "Patriotism: Something else than party zeal or a selfish scramble for office." *Register*, May 11, 1831.

For internal improvements as an issue in Tennessee, see Stanley J. Folmsbee, *Sectionalism and Internal Improvements in Tennessee* (1939).
to be done with the Knoxville. One of them, old Mr. Shutterly, the senior stockholder, said, "Shentlemen (he was a Dutchman) there is but one way to do to save ourselves from further losses. Ever trip the d_____d boat makes brings us in debt—every voyage she goes costs more than it comes to and my opinion is to run her up the river to the deep water at Dr. Ramsey’s ferry and get some two inch augers and bore holes through her bottom planks—let in the water—sink her, and let her go to H_____."

Mr. S. was one of the few farmers who were willing to risk money to improve the commerce of the country and raise thus the price of its products. The river improvement scheme and this steamboat experiment were alike abortive and unsuccessful.\(^2\)

After this slight digression from the main line of this autobiography I resume another topic of it. I have mentioned already that in November 1820 my venerated father died in the office to which he had then recently been appointed,—president of the branch of the new Bank of the State at Knoxville. His successor was W. E. Anderson. I was soon after appointed by the mother board to fill the vacancy occasioned by my father’s death, and was annually appointed a director till its charter expired. When in 1835 the charter for the Louisville Cincinnati and Charleston Railroad and Banking Company was granted, a provision was made for a branch bank at Knoxville. A board of directors for this branch was elected by the mother bank at Charleston. Colonel Abraham Blanding, its president, enclosed to me a list of our branch board of directors. My name was placed at the head of this list. My colleagues were Robert King, Judge Reese, James Park, Esquire, Honorable J. H. Crozier, Colonel W. S. Howell, W. S. Kennedy, Samuel Bell, Mr. Pickett and others not now recollected. As chairman by courtesy, by usage it became my duty to call the gentlemen as named in the list together for the purpose of organization. We met by common consent in the jewelers shop of one of the directors, Mr. Samuel Bell. I presented and read the letter to me from President Blanding. No mention was made in that letter of anyone for our president—nor any indication given of preference only that implied by the position of the names on the list sent to me. W. S. Kennedy, Esquire had, before we met, asked me if I would serve as president. I replied that if elected by a unanimous vote of the branch directors, I would. If not I would decline the position. He nominated me as president and the nomination was

\(^2\) Dr. Ramsey here inserted the account of the East Tennessee Historical and Antiquarian Society which appears on pages 46-47.
DR. J. G. M. RAMSEY

unanimously confirmed. We then proceeded to elect our other bank officers—sent forward our cashier, D. A. Deaderick, Esquire, to Charleston for the funds with which to commence business. He went by stage—procured $100,000.00 as our capital and such instructions from the parent board as were demanded by our new position as bankers. Our progress met the entire approbation of the mother board and of the stockholders of the company. Our policy was to lend our issues generally to our Tennessee stock drovers—taking their bills payable at the principal banks of South Carolina and Georgia. These bills, as they matured, were collected, deposited to our credit, and constituted a fund equivalent to gold against which we could draw, and thus kept us fully supplied with gold, or issues equal to it, in all the southern marts. In this way we always protected our own circulation, and were rarely called on for specie as our check or drafts were always preferred by our customers to coin at our own counter. Thus we financed well and safely, and when that great crash and commercial convulsion occurred in 1837 and forced banks North and South to suspend specie payments, no rush was made on our branch. President Blanding wrote to me that the principal bank had been forced to yield to the existing pressure and had suspended—suggesting to me that, without ordering us to suspend instanter, he would leave to the discretion of our directory when that suspension should take place. When I read this letter to my directors, one of them introduced a resolution to suspend at once. This member was Mr. Samuel Bell. I was in the chair and called Mr. Bell to my seat, and changing to the one occupied by him I proposed to amend his motion by striking out at once in his resolution, and adding the words after suspend when ever the officers of this branch find it necessary and politic to do so. My amendment was adopted—nemini contradicenti. The branch never did suspend, as mentioned on a preceding page.

A provision had been made in the original charter of the L. C. & C. R. R. that it should have the privilege of banking only upon the condition that the road should be built and that in the event of its suspension or failure then the banking privilege was to be withdrawn. Kentucky and Ohio had made inadequate provisions for that part of the road. The state of Tennessee and private stockholders had furnished the pro rata of her part of the great work. In North Carolina, where the heaviest part of the enterprise and the largest expenditures were requisite to tunnel the mountains and cross them, no state provision had been made, and that from individual resources was necessarily insufficient, it became evident the road could
not be completed within the time specified in our charter. South Carolina, true to her state motto “Animis Opibusque Parati,” stood now ready to execute her part of the work. But the existing commercial and financial embarrassments of the country had prostrated the resources of that state and of her people, and rendered all reasonable hope of achieving success at the present vain and illusory. Under these circumstances it became painfully evident that the great undertaking of constructing a railroad six hundred miles across a mountain country with the then available means of the states interested in it, must for the present be abandoned. The banking privilege was therefore necessarily rendered void. The branch bank at Knoxville was put in a train of liquidation. Our cashier was directed to wind it up and it ceased to be.

Under the existing state of the affairs of the company a meeting of the stockholders and of the general directory of the corporation took place in Columbia in December 1839. Kentucky failed to send a delegate. From Tennessee I alone attended—as the proxy of the state at large as well as of the individual stockholders. Only one, I believe, from North Carolina. South Carolina was fully and ably represented as usual. It was plainly seen that the charter had to be surrendered and the work abandoned as impracticable at the present time and with the present means.

But who ought to make the motion and propose to the meeting the dissolution of the company and the consequent abandonment of the work? From which of the states could such a proposition come most gracefully? We all hesitated. A sort of random discussion followed. South Carolina stood still ready to extend her aid. North Carolina could not, of course, be expected to provide her pro rata. I had always pledged to the Company that when the work was completed to our state line at Paint Rock, Tennessee would continue it at least to Knoxville,—which had been at my instance made a point on the road which should be reached. Tennessee had redeemed my pledge and had made legislative provision to take one-half of the stock necessary to complete it. Individual stockholders had made subscription for the other half, to be expended within her own bounds. I held in my hands a commission from Governor Polk as state proxy and was also the proxy of many of our private stockholders. Of course I could not be expected to move for a dissolution of the company. I had redeemed all the pledges I had ever made for Tennessee.

At the first convention on this general subject called at my instance in
1831 (I believe) and held at Asheville, North Carolina I had been placed by Honorable Mitchell King, the president of that body, at the head of the committee from Tennessee to report to the convention next morning. As its chairman I called my committee to meet at three o'clock P.M. at my room in Patton's Hotel. The committee consisted of General Alexander Anderson, my colleague from Knox County, and General A. E. Smith and Major William Robinson from Cocke County and Ellis from Sevier. This committee met at my room. I proposed to them to subdivide our duties and for each member to take his portion of it and to embody the different sub-divisions—(statistics—route—right of way etc., etc.) in our general report to the convention next morning at eight A.M. One of the committee after another excused himself by observing that the chairman had been devoting his time and attention for several years to the great subject and was familiar with it in all its details and each insisted that the whole report be prepared by the chairman and submitted to the committee for its consideration and adoption next morning. I begged again for the sub-division of the labor assigned us. I mentioned that we all had ridden several miles that morning on horseback in a hot September sun, that I was much fatigued and must ask them to assist me. The committee was inexorable and I had to submit. I directed the servants to bring up to my room a cup of tea as often as I rang for it. (Tea alone was my remedy for a distressing head-ache to which I was long subjected). At four P.M. I sat down to my work—wrote all night upon my report—finished it just as day dawned. Immediately after breakfast my committee came to my room. I read over to them the report, and asked them to suggest amendments, alterations, etc., etc. Major Robinson moved its adoption, and without dotting an i or crossing a t, his motion was unanimously concurred in. At nine A.M., the convention met in the court house. At the proper time reports were called for, and I presented that from the state of Tennessee. I had elaborated the whole theory of our trade, our distant markets, the inadequacy of our rivers for transporting our imports or exports, the unremunerative condition of our agriculture, and the poor requital of the husbandman's toil in Tennessee, and the hopelessness of any remedy for our embarrassed commerce but the construction of a land communication between the South Atlantic seaport and the navigable waters of the West. The last sentence of my report I can still recollect. In substance it was: "Standing on these heights (Asheville), in view alike of
the plains and savannahs of the sunny South and of the fertile valleys and rich bottom lands of the rivers of the West, we pledge to the execution of this great work our mutual cooperation—our great resources—and our financial aid." The report was listened to with fixed attention and apparent approbation. It was soon after published with the proceedings of the Asheville Convention in Tennessee and the Carolinas. The pledge thus made was soon after redeemed by the legislature and the people of Tennessee. It was reaffirmed at the great railroad convention at Knoxville, July 4, 1836, of which I was a member from Knox County. And now, when this pledge had been met by the assured cooperation and aid of Tennessee, could I, as her representative at Columbia, propose to abandon my own bantling and extinguish the hope and blast, even for a time, the expectations of my countrymen? I would not. I could not. I did not.

But during the discussion I took the opportunity to say in substance that Tennessee had provided the means and was still willing to apply them to the construction of her part of this road so important and essential to all her interests. She is still prepared in good faith to cooperate fully with her sister states in the achievement of our original purpose. But, if any one of her co-states feels not inclined or forced to abandon it, Tennessee interposes no objection and is not unwilling to release such state from any implied obligation to persevere in the work at this financial crisis. As I took my seat I heard from several South Carolina members—"Good!—Graceful! Handsome! etc., etc." The question was thus, without any specific motion from any particular member, considered as settled and measures were adopted to wind up the L. C. & C. R. R. Co. No odium or blame was attached to any member or any state. The whole scheme was from the first too large and unwieldy to be effected by any one company. The work was too Herculean for 1839. It has been wisely assigned to other agencies since, and under different charters is at the present writing (March 1870) still likely to be accomplished to its original extent. Within the last year this writer came by steam cars from Knoxville almost to the North Carolina line—to Wolf Creek where in 1836 he met the engineer corps under General McNeill, engineer in chief of the L. C. & C. R. R., and on the identical track surveyed by them a railroad is being constructed up the French Broad as indicated in his report to the Asheville Convention a third of a century since, and he is yet not without hope that he may yet live to see the dream of his youth and the illusions of
his manhood still carried out in their fullest extent. The Blue Ridge is now being tunneled, and his old scheme of connecting Charleston and Knoxville by railroad he knows will yet be realised.

This realization in one respect has come too late. Had that commercial connection been formed under Hayne and Blanding, an identity of interest between the South and West might have prevented the Revolution of 1860–1865. This was the main argument with the patriotic Hayne and King and others of the railroad convention of 1836. Statesmen could even then descry the coming storm on the political horizon. Hayne said to me: “Bind the South to the West by links of iron [meaning iron rails], give them a commercial identity, and thus prevent a political disintegration which paper constitutions and congressional restrictions etc., etc., are all unable to guard against.”

I listened to him with respectful attention. I had never believed in the efficacy of a union of interest. That is something, it is true, but such a ligament as that is fragile at best and cannot overcome the antagonisms of race—of the type of civilization and the phases of society—not the effects of climate and other physical causes. The people of our North and of our South have always been heterogenous, and have never been and cannot hereafter become homogeneous. They are essentially two peoples—as different in their civilization as the people of France and England. No one ruler—no one government—could be made to suit either country. In New England, as state agent I found by my intercourse, official and personal, with the highest and lowest of the citizens there I noticed a blind subserviency to others, to a fashionable public sentiment, whether in religion or politics, to the wealthy, to corporations to party, that we never knew in the South. They were less intelligent, less virtuous, less sensible of their personal rights and personal liberty, than even our unlettered and uncultivated common people. With a great deal of hauteur, and arrogance, and boastful effrontery, they are more selfish, illiberal and narrow than any people I ever saw. That high-souled honor, that strict regard to truth, probity, virtue, jealousy of liberty and personal self respect, that constitute the character of a Southern man, were all wanting in the Yankee and made him offensive and hateful to a Southern freeman. A Massachusetts manufacturer is a shrewd trader and has enterprise enough to make money. He will make an engine or a car and sell it well, but will always leave the impression upon his Southern customer that at heart he is a swindler. Interest makes him honest, not principle. The loss
of a dollar wounds his feelings more than a stain upon his character. He has no lordly ambition to achieve any thing laudable and patriotic. His highest ambition is to become wealthy even by ignoble means. He is supercilious and ungenerous to his operatives and expects them to be servile to him and to become his slaves—his tools and a part of his machinery. It is unnecessary to trace the Yankee further (I do not say a New Englander)—nor to contrast him with the noble hearted Southron by a further delineation of Southern character. But although fixed in my belief of the antagonism between the two peoples I was not unwilling to allow General Hayne to make the most of his argument that our railroad would cement and unite such discordant elements. The future cannot hereafter (1870) make us one people. The disintegration against which Calhoun and Hayne then warned the South is now effected and is forever sealed by blood and must remain unalterable and eternal. We are essentially two people and the future will demonstrate the impossibility of uniting us under one government.

After my connection with the Southwestern railroad bank ceased in consequence of the dissolution of the L. C. & C. R. R. Co., I was elected a director of the branch of the Union Bank at Knoxville. Still later, the Bank of East Tennessee was purchased by Colonel W. M. Churchwell and some time after I was requested to become a member of his board of directors. I was then busily engaged on my second volume of my "Annals of Tennessee" and declined his invitation. After some months, he renewed his request, and I reluctantly consented to attend the weekly meetings of his board occasionally when such attendance should not interfere with my other pursuits, professional and literary. During the great revulsion and panic of 1857 that occurred about this time, the Bank of East Tennessee was forced to suspend, as did many other banks in the country. A meeting of the president and directors, resolving to meet in good faith all its liabilities, thought it advisable to place the bank in the hand of trustees. One of the board, Major Lyon, a good lawyer, was elected the trustee. He said he was not unwilling to accept the trust, provided the directors would associate me with him in its execution. At first I offered the reasons already given to become a director, as grounds of refusing to be a trustee. The trustee, known everywhere to be a gentleman of integrity, capacity, and character, assured me that if I would consent to accept the joint trusteeship with himself he would do the work and draw very little either upon my time or my assistance. Under this understanding, and
thus assured, I consented to be associated thus with Major Lyon as trustee.

No two men ever accepted such a trust with purer motives, more disinterested intentions, or a more vigorous determination to wind up the bank fairly, honestly, legally, and equitably. At first our administration of the trust was, or seemed to be, perfectly satisfactory to the holders of its issues and it was believed if time was given the whole could be soon adjusted. But the holders became alarmed and sold the notes they held at a ruinous rate of depreciation. Combinations between speculators were formed, suits were instituted against the trustees and the assets of the bank were taken from the hands of the trustees and placed in the possession of the clerk and master, or of a receiver—I never knew which. Some of these suits are yet undecided. In the decree first decided by Chancellor Seth J. W. Lucky he said in substance that there was *no grounds in our administration of the trust that could impugn the honor or integrity of the trustees* of the bank. With this decree terminated my connection with the Bank of East Tennessee. I may incur pecuniary loss—perhaps have already incurred it. I will then be an innocent sufferer. But the character of the trustees is beyond the reach of malice, political spite, or defamation and low revenge. “Who steals my purse steals trash. But he who filches my good name steals not what enriches him—but makes me poor indeed.” So sang some poet (Shakespeare I believe). Some vulgar tongue may have slandered him—some wicked defamer may have assailed his high reputation and his character—some envious falsifier may have maligned, and misrepresented, and vilified him. As to the trustees it is the viper trying to gnaw a file. Major Lyon, the chief, the acting trustee is now and was ever esteemed an honest man. He is now in an honored grave and beyond the reach of slander or defamation. As to his associate trustee, he still stands erect—proud. *Mens conscientiae recti* still sustains, has ever sustained him.

Besides this, he has lived to see his integrity established and vindicated by contemporaneous testimony that none can call in question. During all these transactions, and the groundless slander and abuse of the trustees published to the world in the Knoxville Whig, it was determined by the Bank of Tennessee to establish a branch at Knoxville. I was surprised one morning to receive by mail a letter from Colonel Johnson, then its president, containing a long list of names for the directory of the branch. I was not less surprised to see at the head of the list the name of Dr. J. G. M.
Ramsey. In the same letter he desired me to accept the presidency of the branch and to indicate my preference for twelve others on the list as my directors. Among the rest in the list, and in immediate propinquity to my own name, stood that of Honorable T. C. Lyon. My board was called together. I was nominated by Major Lyon as president. The motion was seconded by Honorable W. H. Sneed and I unanimously elected. I thanked the board for their unanimity in calling me to fill this important office, and gave my reasons for declining it. Colonel Crozier was then put in nomination and also unanimously elected. Under the circumstances, my election at the time as president of the new Branch Bank of Tennessee at Knoxville I have always considered as the highest compliment of my public life. To be selected for that responsible position by bankers, capitalists, business men of all parties, creeds, and professions, was a compliment not only to my financial ability but to my integrity and my private and public virtue. It was a public endorsement of my whole character, and has been universally so considered.

I considered it as the work of Divine Providence in behalf of two innocent and deserving citizens. The two trustees were both natives of Knox County, known to every citizen as gentlemen of the most elevated character and standing, who had their whole lives been in the public service, blameless and irreproachable, who had escaped all private or public censure. To defame such characters was the most desperate attempt of the most desperate defamer and slanderer who ever escaped the halter or the penitentiary. Instead of being made victims of the slander of the traducer, one of his own counsellors pronounced that “Lyon and Ramsey had been invulnerable—to slander or defamation.” We may both have suffered pecuniarily, but the good character and integrity of each are established.

During the entire time of my administration of my Knoxville branch of the Bank of Tennessee, it retained the confidence of the people of the state and of their representatives as well as of the president and directors of the parent board. With Honorable Cave Johnson and his successor, Samuel A. Smith I believe, and especially of Colonel G. C. Torbett, I maintained the most friendly official and personal relations. In my own board no presiding officer ever met with a more harmonious directory. We were a unit and always cooperated heartily. I was elected unanimously at Nashville every year, and with equal unanimity was placed in the president’s chair by the undiminished confidence and support of my local board. It consisted all the time of directors selected from both
or all political parties. At the directors’ table politics were eschewed entirely. There, at all times, prevailed unanimity and a spirit of cordial and official cooperation.

One morning my directors gave me an agreeable surprise. The occasion was this. Our new banking house was on the point of completion and ready to be formally surrendered by the contractors for our occupancy and use. The building committee invited us all to attend the ceremonial of inaugurating of what was then the finest banking house in East Tennessee—perhaps in the state. My cashier, Mr. M. B. McMahon, Esquire, who was also one of the building committee walked at my side, unlocked the door, and invited Mr. President and directors to walk in. We did so. From a point outside of the counter and railing in the large hall, Mr. McMahon said, “I have the pleasure of introducing you gentlemen,” pointing to the rich ornamental work on the ceiling above our heads, “to General Jackson and Vice President H. L. White on the one side, and to President Polk and our own worthy president, Doctor Ramsey, here on the other.” Then turning to myself he added “In choosing thus to associate you with the most illustrious and distinguished public men of Tennessee, whose pictures are before us, I take the opportunity to remark that we have made you the connecting link between the past and present of Tennessee and of the country. In one corner of the painting is the emblem of the patriotism and chivalry—General Andrew Jackson who was the first from the Volunteer State to occupy the presidential chair. In another the Honorable H. L. White, once our own townsman and neighbour—distinguished as the president of the first bank in Tennessee, as a jurist and statesman, and vice president of the United States. In another is the able and virtuous James Knox Polk, second president of the United States from Tennessee, and distinguished for every public and private virtue. In the other corner we have placed yourself, and beg to assure you that in so doing we have desired to offer you in a permanent form some token of our official confidence and our high personal regard.” In my reply I returned my acknowledgements for the official and personal compliments they had just paid me. I had known well and intimately all three of those associated with me on the canvas or painting. The two eldest had been my father’s friends and co-pioneers in the infancy of Tennessee: That “I had received them all as guests and friends in my own house: I esteemed them living and now venerated their memory when dead, and that you Gentlemen could not have conferred upon me a higher private or public compliment
or have given me a more agreeable surprise than the graceful civility thus unexpectedly offered me.”

The clock struck our hour, and I said “The directors will please come to order by retiring to their room and entering upon our day’s business.” After the discounts were finished, we discounted other things than accommodation paper—real transactions and bills of exchange. No president ever had an abler, or more conscientious board of directors during the time I administered the financial affairs of the Knoxville branch of the Bank of Tennessee. That time embraced from the period its first establishment in 1858, as has been heretofore narrated, down to the invasion of East Tennessee by the Federal army under Burnside. Its further history will be resumed on a future page.3

3 See Chapter VII.