

The Big Business of Nashville, 1780-1860

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Ante bellum Nashville demonstrated a "deplorable scarcity" in industrial enterprise often according to the booster press of its own time and place as well as by the standards of contemporary historians [2]. In 1860, Nashville was the 54th largest city of the United States, with a population of approximately 17,000. It was still most emphatically a river town though it had achieved railroad connection in the mid 1850s. Indeed, clustered about the railroad yard were four machine shops which employed perhaps a third of the 1,300 manufacturing hands of the city. Nevertheless, most of the city's manufacturers remained more traditional craftsmen -- tinsmiths, carriage makers, boot and shoe makers. Of the 64 richest household heads in the city, according to the federal census, only one called himself a manufacturer; a second was listed as a railroad director [10]. Warehouses, banks, and the elegant state capitol were the effective evidences of Nashville's status as a merchant's city and a political center.

Planter and plantation will continue to be controlling images in our studies of the ante bellum South. However, historians have turned recently to the urban South and, in so doing, have begun to suggest that in significant ways attitudes and behavior in Southern cities were more "urban" than "Southern" even before the Civil War [8, p. 224]. In time the image of the ante bellum Southern businessman, neither a Yankee peddler nor an early version of Snopes, will be more fully drawn to provide some counterweight to the stereotypical planter. An examination of the economic behavior of Nashville businessmen suggests that failure to industrialize was not a function of a pre-capitalist or anti-capitalist mentality or of cooptation by planters fearful of urbanization. Rather, Nashville businessmen, perhaps because their capital resources were very

limited, early in the nineteenth century turned to the staple trade, the most obvious resource of the area; they invested in transportation facilities and in credit institutions and developed a pattern of business activity that undoubtedly shaped the direction of later economic growth.

Nashville began as a stockade, protecting pioneer families and a land office, a product then of both the Indian-fighting frontier and of the republic's first big business -- land speculation. The isolated hamlet became in the 1780s and 1790s one focus for the aspirations and machinations of investors from North Carolina to Philadelphia. Surveyors and land agents armed with military scrip, guard rights, and, occasionally, with cash dominated the tavern talk, engrossed farm lands, salt licks, beds of iron ore, brawled with all comers and, changing hats, served as justices of the peace. Absentee investors staked out enormous claims to the public lands. William Blount, who would be appointed the first Governor of the Territory Southwest of the Ohio River, owned or held an interest in more than a million acres. His brother claimed another 1 1/2 million acres. This gross appetite for land set the scene for, and was complemented by, the activity of leading settlers.

In the midst of Indian raids, settlers began to clear fields, plant orchards, build stills and mills, and even raise stone mansion houses. But they, too, were in the land business. Of 99 men elected or appointed to political office between 1780 and 1799, only 28 claimed less than 1,000 acres. At least a quarter of the local squires claimed 20,000 acres or more. Surveyors, lawyers, doctors, merchants, almost never simple farmers, the squires took their pay in land warrants or bought military scrip. They had great expectations but apparently very little available cash. As men on the make, they turned their hands to anything that promised profit; the squires converted their log homes to inns, ran ferries, opened stores, competed for federal contracts to supply troops, and pacified Indians, sought posts that commanded fees or salaries, served as carpenters, slave traders, money lenders. Neither the patriarchal planter nor the yeoman farmer seems to work as a model for their activity. Mobility rather than stability was the name of their game, and land speculation was crucial to their pattern of operations [9].

One might note here that land speculation continued to be an attractive investment alternative for decades. Nashville men seized upon the opportunities for land engrossment opened up by Andrew Jackson's Indian battles and treaty-making in Alabama and Florida; they exploited the possibilities in Missouri and Arkansas and took their place among the empresarios of Texas.

One might even suggest that William Walker, the "grey-eyed man of destiny" and the son of a Nashville merchant, was following a traditional mode in his filibustering expeditions in Mexico and Nicaragua in the 1850s. Certainly, he was enthusiastically supported in Nashville.

With the settlement of the Nashville Basin, a second, urban frontier was in evidence. At the turn of the century surveyors and land lawyers began to advertise for bear skins and cotton to be carried to New Orleans. Public meetings on the square in Nashville were part of the western clamor that resulted in the acquisition of Louisiana and a secure market for the produce of the countryside. In the next 20 years Nashville became a trading town with most of its energies focused on the wharves and warehouses of Water Street. A first generation of urban frontiersmen organized a staple trade, met the challenge of transporting crops downriver to New Orleans via flat boat and keel boat, worked out trade routes upriver and overland to Pittsburgh and Philadelphia, created the credit to move crops.

The venture capitalism of the first few years of the century quickly developed into a sturdy, active commercial life. The first merchants, and more especially the first bankers and money lenders, were successful survivors of the land speculating decades, but they soon were joined by a new wave of businessmen who were not preoccupied with land. The newcomers were junior partners, often young relatives, of merchants in Philadelphia, Baltimore, Pittsburgh, and Lexington. A significant number came from Ireland or Scotland after a stopover in Philadelphia. They were equipped with a bit of capital or a stock of trade goods and open to whatever commercial possibilities looked promising. Almost all began by trading for country produce; those with staying power concentrated on the cotton and tobacco crops. They invested in keel boats and barges, found partners or agents to handle the crop in New Orleans, took a hand on the boards of newly formed banks. And they took their places as well on the county court, blending easily into the political and social worlds of the old squires.

A future Governor of Tennessee, William Carroll, was typical of the new arrivals. He came to Nashville in 1810 when he was 22 years old. He had been advanced the money to open a "nail store" by a firm for whom he had clerked in Pittsburgh. Carroll quickly became involved in the staple trade. The War of 1812 and the Creek Wars interrupted his mercantile career. Like many of the young merchants, he had been attracted to the martial set about Andrew Jackson; the war made Carroll a military hero and a major general of the Tennessee Militia. On his return he pursued the possibilities opened up by the steamboat; in 1814 he

made contact with the patentees of a steamboat in Pittsburgh and was urging a subscription of \$30,000 to build a boat for the Nashville trade. Four years later, Carroll, in partnership with a Yankee ship captain, bought the Andrew Jackson, the first steamer in the Nashville-New Orleans trade. He was one of the founders of the Farmers and Mechanics Bank and active in promoting the Nashville Steamboat Company, which built the General Robertson in 1820. Only three steamboats docked at Nashville in 1819, but 33 arrivals were recorded in 1824 and 112 by 1829 (see [1], p. 80; Appendix, Table 2).

The 1820s produced a merchant elite in Nashville despite the fact that many merchants had begun their careers as silversmiths, still makers, and pioneer textile manufacturers. For example, a cotton thread factory was in operation in Nashville as early as 1802. Its proprietor accepted raw cotton, flax, and hemp in exchange for thread, but with the creation of an active market for the raw product, this modestly capitalized venture, like others through the 1820s, tended to be absorbed into the trading activities of its proprietor. The action was on the waterfront. Choices were made again and again in favor of investment in warehouses and steamboats. Those who remained craftsmen garnered only modest returns. As late as 1829 only 15 mechanics were taxed on lots in town. Nor did the mechanics figure in the political life of the town until the late 1830s.

One possibility for industrialization might have been iron manufacturers. Iron had been worked upriver from Nashville since pioneer days. James Robertson, the founder of the settlements, had sold an iron works to Montgomery Bell in 1802, and that diligent entrepreneur steadily added ore beds and furnaces throughout the ante bellum decades [13, pp. 275-79]. One or more "iron stores" in Nashville always provided links to iron manufacturing in nearby counties. But the case of Yeatman-Woods is instructive. Perhaps the most successful of the early commission merchants, Yeatman and the Woods began as traders in the keel boat days, became commission merchants and owners of steamboats, and, in 1825, sold out to become the most prominent private bankers in Nashville and major investors in an iron works in Stewart County. In 1833 their Cumberland Iron Mills, which included two blast furnaces, forges, and a rolling mill and employed 200 slaves, was valued at \$300,000. However, the Yeatman-Woods private bank was also credited with a capital of \$300,000. When it opted to leave the commission business, the firm diversified its holdings but kept at least half of its capital at work in the bank which was linked to the staple trade. Obviously the staple trade remained a most attractive option. The idea of Nashville as the hub of a great iron

manufacturing enterprise would surface periodically, but Nashville remained a merchant's city, perhaps because few of the commission merchants fared as well as Yeatman-Woods. More typical of the most successful merchants' assets were those of Josiah Nichol who left an estate of \$150,000 when he died in 1833. He also left a son, a son-in-law, and two ex-clerks actively engaged in the commission business and as proprietors of steamboats. William Nichol, Josiah's son, would become a banker in the 1830s.

Banking in Nashville was geared to the staple trade. Nashville's first bank was established in 1807 by merchants who had established themselves in the 1790s. In 1814 a branch of the Bank of Tennessee, whose headquarters were in Knoxville, was organized in Nashville. Four years later the Farmers and Mechanics Bank was created by a group of young merchants actively concerned with the promotion of steamboats. In 1820 the Farmers and Mechanics Bank reported \$166,900 in paid-in stock; its stockholders had borrowed \$142,919. During the panic years after 1819, bank directors became villains to farmers and to merchants. William Carroll went bankrupt, turned to politics, and became one of the first spokesmen of "Jacksonian democracy" in Tennessee, successfully stumping the state with attacks on bankers. Forced to resume specie payment, all the chartered banks failed in the 1820s. For a while Yeatman-Woods was the only banking house available. But by 1827 Carroll was supporting a campaign to bring a branch of the Bank of the United States to Nashville, and by the 1830s, three chartered banks were once more in place. Banking drew together men of capital from the merchant, professional, and planter sectors. Men retired as commission merchants to banking careers. Planters' sons became bank cashiers.

Merchants and bankers dominated the corporation government into the 1830s; they spearheaded the efforts to build the first bridge over the Cumberland, to provide a municipal water works, to gain federal funds for clearing and improving the river. The needs of the staple trade dictated a major drive in the 1830s for turnpike construction. Absorbing both state funds and private investment capital, more than 400 miles of turnpikes were built by 1846 [6, p. 247]. The turnpike made Nashville the commercial hub of Middle Tennessee and enabled Nashville businessmen to develop from commission merchants in the staple trade to general merchandise suppliers, a crucial change coming as the Nashville Basin was diversifying from cotton and tobacco to the production of grain and cattle. In 1860 more than one-third of Nashville's richest citizens called themselves merchants, but only one was a cotton dealer. One was a corn

merchant. The others dealt in wholesale groceries, drugs, or hardware.

Nashville's development from an urban frontier to a small city had been plotted along mercantile lines. Despite low population persistence rates,² typical of American cities, considerable stability characterized the merchant-banker elite.³ The young merchants back from the war in 1815 had become an establishment by the mid-1830s. Their sons and sons-in-law would inherit places in banks and counting houses, county seats, and plantations. Their economic decisions dictated that population increases would remain relatively small, especially meager in the 1830s before the turnpikes were in place. Although by the 1850s Nashville had its Irish ward and a Germantown, the foreign born, representing 20 percent of the free population in 1860 [14, p. 95], compensated for a marked⁴ reduction in the percentage of the black population by 1850.

Early and late, merchants and planters were closely associated. Merchants invested in plantations and left them as part of their legacies to their children. But it was clear that they expected city property to be the source of security and prosperity for their children and that they hoped their sons would be merchants or professional men. Being a planter was incidental, not in itself a compelling ambition as it might have been on the first land speculating frontier or when they themselves were beginning their careers. Moreover, the sons of land-holding fathers often sought careers as lawyers or doctors in town. These men invested in banks, turnpikes, insurance companies, and by the 1850s in the gas works and in the new railroads; they wrote the editorials and led the town meetings that advocated improvements from a grand hotel to railroads. Buying plantations or marrying into planters' families did not mean cooptation by an anti-business or pre-capitalist planter ethic, in great part because planters themselves were interested in town enterprises. Robert Foster who bought his first half lot in Nashville in 1789 continued to buy city property for the next 30 years, all the while building a handsome plantation on Mills Creek and serving 12 terms in the Tennessee legislature. His son went to town as a bank clerk and as agent for commission merchants, studied under a Nashville lawyer, money lender, and banker, married his mentor's widow, and entered politics. He became one of the founders and principal spokesman of the Whig Party in the state. Ironically, from Andrew Jackson's home town came some of the strongest advocates of support for banking and internal improvements, and of the Whig Party itself.

By the 1840s Nashville had become the Gibraltar of the

Whigs. Whig commitment went beyond banks and internal improvements. Nashville businessmen, Democrats as well as Whigs, embraced a philosophy of economic and social mobility which surprisingly paralleled the free labor ethic that has been identified as the basis of northern and Republican ideology in the ante bellum decades [7, pp. 11-18]. A plethora of voluntary societies aimed at social improvement and good order had been created which, once again, strikingly resembled similar institutions in the towns and cities of the North and West (compare [3, ch. 7-9], [4, ch. 7], and [11]). Churches, Bible societies, Sunday schools, lyceums, mechanics' institutes, temperance societies, and houses of industry contributed a little toward taming the raw aspects of life in a river town. They did more in providing definitions of respectability and leadership within the town that moved beyond the elitist politics of the first two frontier periods.

As late as the 1830s when Governor Carroll, the democratic and Democratic Party champion, was campaigning for office, his supporters took pains to deny that he had ever "labored personally in the Nail Factory." But by the 1840s and 1850s ministers, lecturers, newspaper editors were insisting explicitly on the moral worth of manual labor and industrial enterprise. Democratization of municipal politics and the extraordinary appeals to a widened electorate associated with the second American party system were accompanied in Nashville by a new public vocabulary which insisted on the respectability of labor and pointed to the promise of social and economic mobility as the reward of labor. The old bias -- surely not confined to Southerners -- that divided gentlemen from those who worked with their hands was under attack. And the attack was more potent because the economic and political position of the "mechanics" was indeed becoming stronger. Master mechanics began to dominate the Board of Alderman and, occasionally, were elected to the mayor's office.

Although mechanics had always made up a significant portion of the town's population, it was not until the late 1840s and 1850s that master mechanics began to achieve substantial profits. The turnpikes had enlarged their markets; the railroad made it possible for a firm of carpenters and house joiners to become a car manufactory and for a machine shop to become a boiler factory. Of 123 master mechanics who were recorded as heads of households in both the 1850 and 1860 federal censuses, only 21 (17 percent) claimed no property in 1860, while 55 (44 percent) claimed between \$50 and \$5,000 worth of property (more than half of these \$1,000 or more) and 47 (38 percent) claimed between \$5,000 and \$300,000. However, only two men claimed

\$100,000 or more. Although the mechanics were sharing in the general prosperity of the fat 1850s, their gains were not great enough to provide any considerable pool of investment capital.

Major investment capital had to come from the merchant-banker community. The assets of the richest group in these sectors had risen also, and graphically. In 1839 only 14 people were taxed on real estate worth \$30,000 or more, and the largest holding was assessed at \$63,300. By 1860, 64 household heads claimed \$100,000 or more in personal and real property, and another 68 claimed from \$50,000 to \$100,000. Nashville had one millionaire and several men who almost qualified. A few merchants began to invest substantially in manufactures. In 1846 the Allison brothers and Samuel Morgan, wholesale dry goods merchants, provided \$80,000 for a cotton and wool factory in nearby Lebanon. John W. Walker gave up his mercantile career to become an iron manufacturer. But, aside from continuous but limited investment in such traditional sectors as saw mills and grist mills, it was railroad investment that at long last attracted Nashville capital. From the mid 1840s on, a railroad connection had been urgently advocated by Nashville's booster press. As wholesalers rather than commission merchants became the dominant sector of Nashville's trade, the commitment to the river trade was relaxed. For all that it was touted as the way to make Nashville a great iron center, the railroad was part of the traditional mercantile strategy. Railroad promotion in the 1850s became a kind of municipal mercantilism, as a wider and wider hinterland was tied to the Nashville market. Volney K. Stevenson, a successful merchant, soon to be son-in-law of one of Nashville's most prominent bankers, gave up one career to become president, organizer, chief stockholder, and promoter of the Nashville and Chattanooga, in operation by 1854. A good part of the commercial community, connected by marriage and kinship as well as by business interests, soon was supporting railroad development. Planters and lawyers became stockholders; so did a few of the master mechanics (List of Stockholders of the Nashville and Chattanooga Railroad, 1869). Individually the mechanics had little capital to invest, but their control of the Board of Aldermen was decisive, and the corporation of Nashville invested half a million dollars in the stock of the N and C in 1847.

The most immediate impact of the railroads was to enhance Nashville's mercantile position. Industrial development remained modest, not because Nashville businessmen were lacking in enterprise or because industrial pursuits were socially unacceptable or because there was not an appropriate growth ethic in place. Rather, it would seem that Nashville's limited

capital went to established enterprises which showed promise of continued expansion and profit. As late as 1880, Nashville's leading entrepreneurs continued to be wholesale merchants, building upon the commanding position given the city by the Louisville and Nashville which had absorbed the Nashville and Chattanooga. After the turn of the century bankers and insurance brokers superseded the merchants among Nashville's economic elite [5, pp. 32-33, 36]. The New South in Nashville was built upon the pattern of the old.

NOTES

1. Nashville's population from the federal census: 1800-345; 1820-3,076; 1830-5,566; 1840-6,929; 1850-10,165; 1860-16,988.
2. Persistence rates for heads of households in Nashville: from 1811-1820, 23 percent; from 1820-1830, 30 percent; from 1830-1840, 25 percent; from 1840-1850, 28 percent; from 1850-1860, 26 percent.
3. For example, of 28 merchants whose names appeared on the 1811 militia roll, 24 remained in Nashville until they died.
4. Black population as percentage of total population: 1820-1840, 36 percent; 1840-1850, 25 percent; 1850-1860, 23 percent.

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10. _____, work in progress: "From Frontier to City: Politics and Society in Nashville, 1780-1860." The data relating to merchants' and mechanics' careers throughout this paper are drawn largely from the newspapers of Nashville, the Will and Inventory Books of Davidson County and the city of Nashville, all in the Tennessee State Library and Archives, and from the federal censuses, published and in manuscript, for Nashville from 1820 to 1860.

11. Paul Johnson, A Shopkeeper's Millenium (New York: 1978).

12. List of the Stockholders in the Nashville and Chattanooga Railroad, Nashville 1869.

13. John Livingston, Portraits of Eminent Americans Now Living, New York, 1854.

14. Early Smith, "The Free, Foreign-Born Population of Nashville in the 1850's," MA thesis, Vanderbilt University, 1968.