

**George L. Carter's Clinchfield Railroad:
The Construction of a Monopoly in the Appalachian Mountains**

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“Railroads were America’s first big business.”¹ Railroads operated on a larger scale than other businesses of the time period. Railroads brought progress to regions that previously remained isolated due to geography, they brought new products to these regions, and they exported products previously hard to transport. Railroads provided a journey to the future.

The Clinchfield Railroad played an instrumental role in bringing the Industrial Revolution to Eastern Tennessee and Western North Carolina. The Clinchfield Railroad was comparable to the hub of a wagon wheel. From its hub extended the supporting spokes: the raw materials of the region, the untapped labor force eager for work, the ability to supply local businesses with raw materials, the transport of finished goods and the ability to attract new business interests to the area. George Lafayette Carter, the visionary whom made the completion of the Clinchfield Railroad possible, made the growth of these regions a reality.

Most of the work about the Clinchfield Railroad has centered on its unique construction and the use of peonage labor in the construction of the line. Scholars have overlooked the idea that Carter and the Clinchfield Company worked toward the establishment of a monopoly in the Appalachian Region. I intend to prove that the company did indeed establish a monopoly centered on the ownership of coal producing lands and its ability to transport coal and related materials and minerals out of this region to industries that the company either owned or had a hand in the location of along its lines in both Tennessee and North Carolina. The company also worked with the government in the establishment of Camp Wadsworth, a World War

¹ Allen W. Trelease, *The North Carolina Railroad 1849-1871 and the Modernization of North*

I Army Training camp, in Spartanburg, South Carolina. The railroad provided the camp with most if not all of its provisions. The government worked with the railroad in other ventures in this region also. Amateur historians have written most of the scholarship about the Clinchfield. Although their work has been considered amateurish, their information came primarily from the Carolina, Clinchfield, and Ohio records. I have utilized the Carolina, Clinchfield, and Ohio Collection and newspaper articles contemporary to the time period of the construction of the railroad and the time that the company encouraged new businesses to open along its lines.

George L. Carter's efforts in the development of the Appalachian region mirrored the efforts of other railroad magnates of his time. According to Kurt E. Armbruster, Henry Villard, a railroad magnate in Seattle Washington accomplished similar goals during the late 1800's.² Armbruster conceded the need of magnates to develop the region along their railways. Armbruster said that Villard's "benevolent monopoly" contributed to the growth of the Puget Sound Region. The idea of a "benevolent monopoly" is that although the railroad controlled most of the resources and in some cases the land, it benefited the region by promoting the growth of industry. I contend that Carter accomplished the same goals and brought growth to the regions that his railroad developed. Carter seemed to follow the pattern laid out by other railroad magnates in purchasing land and enticing industries to locate to "his cities."

The man best known for the completion of the Clinchfield Railroad was

Carolina. (Chapel Hill and London: The University of North Carolina Press, 1991), 110.

² Kurt E. Armbruster. "Boom and Bust: The Intertwined Fortunes of Henry Villard And The Puget Sound Region," *Columbia*, 2001, 15 (3): 47-42.

George L. Carter. He was born in Hillsborough, Virginia in 1857 to a family of prosperous farmers. At the age of sixteen, he sought to improve his lot in the world. He began his career in the coal industry at the age of twenty where he worked as a buyer and bookkeeper for the Wythe Lead and Zinc Company. He advanced through the years to become the firm's manager. During this period he entered into private investments along with his father-in-law, James Wilkinson. These investments centered on the purchase and development of ore properties. He saved his money and in 1898, he purchased three hundred thousand acres of coal producing land in Virginia. He continued to buy coke and coal furnaces throughout the southern Appalachia. He consolidated his many interests into the Virginia, Iron, Coal and Coke Company. He purchased his first railroad the Virginia and Southwestern, to haul his coal to market. Carter left the V.I.C.C. & C. in 1901 and focused on his new acquisition, the South & Western.³ Carter enlisted the help of his brother-in-law, J. Fred Johnson in the development of Kingsport, Tennessee and also in the development of properties surrounding the Clinchfield Railroad.⁴ Carter foresaw the need of an industrial city to enhance his railroad. Between the efforts of Carter and his Northern investors and the skill of Johnson, Carter succeeded in bringing the Industrial Revolution to the Appalachian Mountains.

The history of the development of this direct route through the Appalachian Mountains to connect the eastern part of North Carolina to Tennessee began in the early 1800's. Archibald Murphy, a state legislator from North Carolina, envisioned an

³ Clyde J. Dellinger, *Tweetsie and the Clinchfield Railroads: Crossing the Blue Ridge Mountains*, Morganton, NC: News Herald Press, 1969), 59,

⁴ J.L. Lonon, *Tall Tales of the Rails On The Carolina, Clinchfield, and Ohio*. (Johnson City: The

increase in trade and better transportation through internal improvements in the state. His idea involved the improvement of roads and waterways to connect the eastern part of the state to the west. However, his plan was snarled by mismanagement, a lack of funding, and a lack of engineering experience. The Board of Internal Improvements suffered its final blow with the publication of the pamphlet, *The Numbers of Carleton* by Joseph Caldwell in 1827.⁵ *The Numbers of Carleton* advocated railroads as the wave of the future.⁶ Joseph Caldwell thought that the use of railroads would increase trade throughout the state instead of limiting trade routes to South Carolina and Virginia. Caldwell wanted to establish trade with the Mississippi Valley by way of a route through the Appalachian Mountains.⁷

North Carolina made other attempts to connect the eastern and western sections in an effort to increase trade within the state. One effort at improvement came in the form of plank roads in the 1850's. These roads, referred to as the farmers' railroad, were hard and expensive to maintain. Although they were a vast improvement over dirt roads they were not cost effective.⁸ Thus the western section of the state remained isolated. The ability to establish a direct trade line through the Appalachian Mountains would give a monopoly on transportation through this region rich in raw materials.

Overmountain Press, 1989), 39-41.

⁵ William S. Powell, *North Carolina Through Four Centuries* (Chapel Hill and London: The University of North Carolina Press, 1989), 263- 264. Joseph Caldwell was the President of the University of North Carolina in 1827. The Board of Internal Improvements consisted of the governor and six commissioners to oversee the development of North Carolina's trade.

⁶ *Ibid*, 260-264.

⁷ Margaret W. Morris, "The Completion of the North Carolina Railroad: Politics of Concealment," *North Carolina Historical Review* 52, (1975): 256-281.

⁸ Allen W. Trelease, *The North Carolina Railroad 1849-1871 And the Modernization of North Carolina*, (Chapel Hill and London: The University of North Carolina Press, 1991), 12.

Geography played a major role in the development of trade routes in and out of North Carolina.⁹ Scholars Butler and Watson agreed that the geography of the state hindered its trade abilities. In the early days of North Carolina history trade was carried out along north-south trade routes due to the topography of the state. Another factor affecting trade in the western section of North Carolina and also trade with Tennessee was the Appalachian and Blue Ridge Mountains, which created an impassable barrier to the flow of trade. The astounding peaks of the mountains in this region limited an easy route to the Midwest region of the nation.

After the Civil War, the beauty of the mountains of North Carolina attracted visitors and it became a haven of those with ill health.¹⁰ John Wilder began the Triple C Railroad in response to the need for better transportation for the guests of his hotel.¹¹ This railroad later became the Clinchfield Railroad. John Wilder foresaw the advantages of a line through the coal regions.

Western North Carolina was spurred to action in the mid 1800's after the first two railroads were built in the east. The Raleigh and Gaston Railroad connected the capitol to the Roanoke River and the Wilmington to Weldon Railroad connected Wilmington, the state's largest port with the Roanoke.¹² This spurred interest in building a line that would connect the western part of the state to the east. Problems arose between the Whigs and the Democrats as to whether the state should fund the railroad. The Whigs wanted state funding but the Democrats in the east disagreed

⁹ Lindley S. Butler and Alan D. Watson, Ed, *The North Carolina Experience: An Interpretive and Documentary History* (Chapel Hill: The University of North Carolina Press, 1984), 246.

¹⁰ Sydney Nathan, *The Quest For Progress: The Way We Lived In North Carolina 1870-1920* (Chapel Hill: The University of North Carolina Press, 1983), 3.

¹¹ Ina W. Van Noppen and John J. Van Noppen, *Western North Carolina Since the Civil War*, (Boone, NC: Appalachian Consortium Press, 1973), 179.

with it. Finally in 1852, the state agreed to incorporate the Atlantic & North Carolina and the NC & Western with a state subscription of two-thirds stock. A majority of Whigs from all the regions approved the bill but only the western Democrats from the mountains gave it a majority.¹³ In 1882 the Western North Carolina Railroad succeeded in connecting the east to the Tennessee border at Paint Rock. The Blue Ridge had finally been conquered through a series of tunnels and the railroad eventually crossed Balsam Gap at a height of 3,348 feet.¹⁴ Although the WNCRR conquered the Blue Ridge it failed to drive through the heart of the Appalachians. The WNCRR followed a longer route in order to connect with the Midwest.

The dream of a more direct route across the Appalachians persisted. In the 1830's, state representatives and private investors from Tennessee, North Carolina, Virginia, and Kentucky met in Gate City, Virginia to work out a route to follow the Ohio River. This meeting produced little more than talk except that the final route of the Clinchfield followed their ideas.¹⁵ In 1832 a prominent South Carolina statesman, John C. Calhoun proposed building a rail line from Charleston, South Carolina to Cincinnati, Ohio. Between 1832 and 1887 several plans were considered and surveys completed. However, the Civil War and insufficient funding prevented these plans from being realized.

In 1886 the notion of a rail line through the Appalachians revived under the direction of an ex-Union General, John H. Wilder. Wilder chartered the Charleston,

¹² Trelease, 13.

¹³ Thomas E Jeffery, "Internal Improvements in Antebellum North Carolina 1836-1860," *North Carolina Historical Review* 55 (1978), 111-154.

¹⁴ John Gilbert, *Crossties Through Carolina: The Story of North Carolina's Early Day Railroads*, (Raleigh: The Helios Press), 1969, 6.

Cincinnati, and Chicago (also known as the Triple C). Wilder envisioned a line to serve the resort communities of the North Carolina mountains, the coal fields of Virginia and Kentucky, and the rich agricultural fields of the Piedmont.¹⁶ Wilder refrained from garnering government aid in financing this rail line. Instead, he went to the Baring Brothers of London and received \$7,000,000 to begin construction.¹⁷ The company surveyed the route and began construction in three separate areas: both ends and the middle. The intended route covered 621 miles from Charleston, South Carolina to Marion, North Carolina and then across the Blue Ridge to Johnson City, Tennessee, and on through Virginia to Ashland, Kentucky. Construction of the southern end from Camden, South Carolina to Marion began in 1887 and the line completed construction in 1890.¹⁸ The toughest stretch across the Blue Ridge was to be saved for last. The Triple C constructed the line to within 105 miles of Charleston. The construction of this line progressed without the government funds that other railroads received.

The Panic of 1893 caused construction to be halted. The Triple C, forced into foreclosure, sold its interest in the railroad to Charles E. Hellier. Hellier reorganized under the name of Ohio & Charleston Railway.¹⁹ Because of increased hostility, Hellier decided to abandon and sell his South Carolina assets that included completed

¹⁵ Cary Franklin Poole, *A History of Railroad in Western North Carolina*, (Johnson City: The Overmountain Press), 1995, 77.

¹⁶ James A Goforth, *Building The Clinchfield*, (Erwin: GEM Publishers, 1989), 12.

¹⁷ Lou Harshaw, *Trains, Trestles, & Tunnels: Railways of the Southern Appalachians*, (Asheville: Hexagon Company, 1977), 80.

¹⁸ Poole, 78. This section would later be sold to the Southern Railroad in 1893 to finance further construction under Charles E. Hellier. Gilbert, 6: Two years later he sold the northern end to the Chesapeake & Ohio in order to finance the push into the Blue Ridge.

¹⁹ Poole, 77.

sections from Marion, NC to Camden, SC.²⁰ He looked to another direction in which to extend his line. Financial problems once again halted the construction of the railroad. Hellier was forced to sell the line.

In 1902 George Lafayette Carter acquired the remaining assets of the Ohio & Charleston from Charles Hellier.²¹ Carter and his associates then acquired large tracts of coal lands in southwest Virginia, later known as the Clinchfield Section.²² At this time the operation of factories and the heating homes depended primarily upon coal for the production of power. Coal from the Clinchfield region developed into a worldwide export. Carter enlisted the financial backing of James A. Blair and Company of New York. James Blair was a wealthy northern industrialist and also the director of the Seaboard Inland Air Line Railway. Blair's interest was to expand his company's reach into the coal and timber regions of the Appalachian mountains.²³ Carter relied upon outside investors due to the fact that this rail line remained a private company that lacked the funding from the state that the WNCRR required.

Carter and the Board of Directors of the South & Western hired out construction of the line to independent companies.²⁴ Many railroad owners relied on outside companies in order to reduce the cost of the actual construction of their lines. The Carolina Construction Company developed the line from Marion, North Carolina to Spruce Pine, North Carolina. This company became notorious during this time

²⁰ Ibid. There has been little scholarship on Hellier other than he was the second owner of what was to become known as the "Clinchfield."

²¹ Dellinger, *Tweetsie and the Clinchfield Railroads*, 59 Goforth, 101-102; Way, 95; Harshaw, 81.

²² Lonon, 1. This acquisition is not the same as the 300,000 acres he owned under the V.I.C.C. & C.

²³ William Way Jr, *The Clinchfield Railroad: The Story of a Trade Route Across the Blue Ridge Mountains*, (Chapel Hill: The University Press, 1931), 96-98.

²⁴ "Charter of the South and Western Railway," Carolina, Clinchfield, and Ohio Railroad Collection, Archives of Appalachia, East Tennessee State University, Johnson City, TN, series I box 11 folder 3,

period because of its use of peonage labor in order to reduce the costs to build the line in this section. Later this reflected negatively on the Clinchfield but not on Carter personally. The Carolina Construction Company secured its first major contract from the South and Western Railroad.²⁵ It operated out of Wilmington, North Carolina. It also engineered the construction of the entire part of the North Carolina project, chiefly the section from Marion to Spruce Pine.²⁶ The Carolina Company remained the only company to handle all the construction of the line in North Carolina. The reason for this rested on the fact that Carter's brother-in-law worked for this construction business.

The construction of the railroad through the sparsely populated area between Alta Pass and Marion required the Carolina Company to rely upon outside labor to work this line. Some of this labor came from immigrants new to the United States. The Carolina Company hired labor agencies in the North to send workers south to build the line. The labor agencies promised wages (\$4.50-\$5.00 per day) and conditions that were unrealistic for the company to provide.²⁷ According to the scholarship of April Birchfield this was not an uncommon practice. Labor agents told the immigrant workers that the work involved semi-skilled jobs such as carpentry. They neglected to mention how far the workers would be working from home or the primitive conditions around the work sites. The agents also failed to mention the blasting work involved. Many immigrants tried to escape the harsh conditions but

p. 21.

²⁵ "Minute Book of Carolina Company of North Carolina," Carolina, Clinchfield, and Ohio Railroad Collection, series I, box 4, folder 2, p.1-3.

²⁶ Harry M. Caudill, *Night Comes to the Cumberlands: A Biography of a Depressed Area*, (Boston, MA: Little, Brown, and Company, 1963), 93.

²⁷ Ashton Chapman, "Old Clinchfield Railroad Built By Death-Dealing Crews," *Charlotte Observer*,

were forced back to work at gunpoint. North Carolina law prohibited an employee from abandoning his job if a debt remained owed to the company.

Soon after the project began the Carolina Company ran into financial difficulties due to the high expectations that the South & Western and Carter's Chief Engineer M.J. Caples set and the enormous amount of labor needed to work the line. The Carolina Company brought in four thousand workers to this region to build the line.²⁸ The company sold its right of way to the South and Western in order to finance further construction. Because of this they severed one of their lines of revenue to continue construction of the line.²⁹ As the financial conditions worsened the Carolina Company sought financial assistance from George Carter .³⁰ The company failed to set up a term of repayment. In 1903 Carter demanded full payment of the loan. The Carolina Company failed to pay and Carter seized control of the company and its assets.³¹ Carter controlled 96 shares of the company. His brother-in-law J. Fred Johnson owned 1 share.³² Thus Carter began his "monopoly" of any interest connected to the Clinchfield. This move gave Carter control of the remaining land assets of the Carolina Company. Once completed, he could sell the finished lines to the CC&O for added profit.

The recruitment of M. J. Caples, as Chief Engineer, proved a valuable asset to the railroad later. Caples convinced Carter to set high standards for the construction

²³ August 1953.

²⁸ Goforth, 20.

²⁹ "Minute Book of the Carolina Company," Carolina, Clinchfield and Ohio Railroad Collection, series I, box 4, folder 2, p. 25.

³⁰ April D. Birchfield, "Peonage on the South and Western Railway In North Carolina" (M.A. diss., Wake Forest University, 2001), 77-78.

³¹ "Minute Book of the Carolina Company," Carolina, Clinchfield, & Ohio Collection, Acc. 96, Box 4, Folder 3, p.2.

of the railroads bridges and trestles along the area from Marion to Spruce Pine.³³ Carter insisted on steel bridges when other lines continued the use of wood in the construction of their bridges. He also insisted on the use of 85 lb steel versus the 60 lb steel used by the Triple C.³⁴ The use of heavier steel added support for the line in order to haul heavier freight. The standards set by the railroad also enabled them to avoid the costly upgrades that other lines faced when the switch to diesel engines occurred. The standards also reduced the number of serious accidents that other lines faced such as the WNCRR.³⁵ In 1918, the United States government stepped in to ensure higher standards for railroad construction and better treatment of employees of the railroad.³⁶ The Clinchfield Railroad avoided many of these issues after construction of the line due to higher standards of construction. M. J. Caples along with George Carter enforced higher standards in order to avoid the high cost of upgrades later on. Carter knew that in order to maximize profit in the long run, the line must be constructed to the highest standards to begin with. Other railroads at this time began replacing wood with steel. The added costs in repairing the lines forced other railroads such as the Southern to charge higher freight rates.

The Clinchfield and Carter faced another issue in the competition with the Southern Railroad. The Southern gained permission from the state of Tennessee to

³² Ibid.

³³ "Property Damage In Various States," *The Comet*, July 20, 1916. This article was about the flood damage suffered in the various states. It mentioned various railroads that suffered loss of bridges and rail lines (due to inadequate construction standards). The Southern lost several wooden bridges throughout the state of NC. The Clinchfield did not suffer loss in the Marion when the Catawba River flooded; the trestle remained in good condition due to the use of steel.

³⁴ "Carolina, Clinchfield & Ohio Ry. Completed Through Tunnel," *The Johnson City Staff* 10 February 1915; Goforth, 32.

³⁵ Way, 481.

³⁶ "Took Railroads In The Nick Of Time," *The Comet*, 14 February 1918.

construct a line that ran parallel to the South & Western in several places. Both railways wished to exploit this region because of the coalfields and other minerals found along the line. George Carter owned thousands of acres of land in this region. The continued development of Carter's monopoly relied upon the Clinchfield in securing total control of the line. The S&W feared intervention by state or federal courts. Because of this they hurried to finish the tracks along this line. The Southern was backed by J. P. Morgan, a railroad magnate in his own right, and was thus a wealthier line with more influence. The rivalry escalated out of control due to the crews carrying revolvers. Many locals feared to go around the site in concern for their safety.³⁷ The crews of both lines frequently shot across the river at each other in order to scare the other side to halt construction. This was dangerous due to the amount of explosives kept at the sites.

Finally, in 1906, the federal court intervened giving the right-of-way to the South & Western. This decision relied on the fact that the South & Western surveyed the line months in advance of the Southern.³⁸ This established the South & Western's monopoly of this region. The Clinchfield Railroad monopolized transportation in and out of this region until the state provided highways into the mountains. The Sherman Act, instituted in 1887, states in Section 2: "Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of trade or commerce among several States,... shall be guilty of

³⁷ "Southern Railroad May Have War On Its Hands with the South and Western," *Asheville Citizen*, 7 September 1905, "Headed South Are Two Railroads," *Asheville Citizen*, 15 September 1905; *Asheville Citizen*, 20 January 1906; *Asheville Citizen*, 21 January 1905.

³⁸ *Asheville Citizen*, 1 May 1906; *Asheville Citizen*, 2 May 1906.

a felony,....”³⁹ The government supported the South and Western claim to the right-of-way in this area. This gave the South & Western a clear monopoly on trade through this section of the Appalachian Mountains.

In 1908 Carter reorganized his interests and properties including the South & Western, under the name Carolina, Clinchfield and Ohio Railroad. By March the most difficult section was completed from Marion to Spruce Pine. Journalists focused on the engineering feats and scenic spots along the railway.⁴⁰

In 1915 Carter drove the last spike into the northern extension of the railroad. This completed the line from Elkhorn, Kentucky to Spartanburg, South Carolina. The railroad covered 277 miles. With the completion of the railroad allowed Carter and the Clinchfield to focus on the development of the region and its natural resources. “With the opening of this extension, the “Clinchfield” becomes one of the most important coal-carrying roads in the country.”⁴¹ This region encompassed thousands of acres of the best coal in the country of which the Clinchfield Company and George L. Carter owned.

The Elkhorn extension provided a northern outlet for the coal regions along this area. It connected with the Chesapeake & Ohio in an effort to ship coal to new markets for the Clinchfield. The Clinchfield looked to develop more markets to export coal. Thus in an agreement with Seaboard Air Line, the Clinchfield began the construction of one of the most modern and extensive coal-handling docks on the

³⁹ “Sherman Act- Interstate Commerce Act 1887,
<<http://www.ourdocuments.gov/doc.php?flash=old&doc=49>. 3 November 2003.

⁴⁰ Fred A. Olds, “Journey over the C, C, and O.” *Charlotte Observer* 30 August 1908, 10; Fred A. Olds, “Journey Over the C, C, and O Continued,” *Charlotte Observer* 2 September 1908, 8.

⁴¹ “The Last Spike Is Driven On The Extension Of The C.C. & O. Railway,” Johnson City: *The Comet* 11 February 1915.

Atlantic Coast.⁴² This action helped to establish a greater monopoly of the transport of coal from the Clinchfield region.

The Clinchfield established a connection from Spartanburg to Charleston, South Carolina. This allowed shipments to be made from the Atlantic Coast. The dream of a short and direct route to the Midwest was realized. This railroad opened up a territory rich in “virgin hardwood forests, many veins of the very best coal on the American continent” previously inaccessible due to the “absence of transportation facilities.”⁴³ The opening of the line realized the dreams of both John T. Wilder and George L. Carter and the other “big capitalists” that he interested in this venture.⁴⁴

The Clinchfield offered cheaper freight prices to coal industries to transport coal to Charleston. This opened up the opportunity for Southern coalfields to supply coal to the naval and military establishments of the government. The lower rates made the coal from these regions more attractive because the railroad provided rates 50 cents to one dollar cheaper than the rates offered by West Virginia fields. The completion of the line spurred Charleston to build larger facilities for handling coal.⁴⁵ This action encouraged the development of this harbor and increased the Clinchfield’s monopoly in the transportation of coal from the Clinchfield region.

Many companies fell under the umbrella of the Clinchfield Corporation and into the monopoly that flourished due to the railroad. One such company was Clinchfield Fuel Company located in Spartanburg, South Carolina. The development of the Elkhorn extension allowed this company to secure the option on 7,000 acres of

⁴² “Clinchfield Railway Is Expanding,” *The Johnson City Staff*, 13 March 1915.

⁴³ *The Johnson City Staff*, 10 February 1915.

⁴⁴ *Ibid.*

coal producing lands along the C.C. & O. This enabled the company to begin foreign exports with South America and eastern Europe.⁴⁵ The majority of the coal shipped out of Charleston came from the coal fields which belonged to the Clinchfield Company and traveled by way of the Clinchfield. The Clinchfield maintained a monopoly on transportation from the mountains to the sea.

Another coal related interest for the Clinchfield and Carter involved the founding of the Clinchfield Navigation Company. The formation of this company took care of the coastal trade of the Clinchfield Fuel Company. It supplied marine coal to Galveston and Florida and did not engage in foreign trade.⁴⁶ This extension of the Clinchfield Company provided yet another avenue for the company to monopolize the transport of its coal.

In March 1915, the Clinchfield Fuel Company secured the contract to supply the coal for the South Carolina cotton mills for the year. The ability of the Clinchfield to offer lower freight costs made the securing of this major contract possible. The South Carolina Cotton Manufacturer's Association made this decision based on the price of less than 90 cent per ton. The savings to the association amounted to \$45,000 for the year.⁴⁷ The Clinchfield played a two-fold role in this development, the ownership of coal producing lands and the ability to ship coal mined in the region on its own railroad.

The Clinchfield executed another move on the way to the establishment of a monopoly in Appalachia by the acquisition of the Virginia Iron, Coal and Coke

⁴⁵ "South's Coal Fields May Furnish Fuel," *The Johnson City Staff*, 4 March 1915.

⁴⁶ "Clinchfield Developments As Planned," *The Johnson City Staff*, 19 March 1915.

⁴⁷ *Ibid.*

Company. This accomplishment brought 250,000 acres of coal bearing lands to join the 300,000 acres already owned by the Clinchfield in the same area.⁴⁹ This brought ownership of the company full circle, back into the hands of one of its founders, Carter. Due to Carter's holdings in the regions of southwestern Virginia, Roger D. Eller considered him as one of the major coal barons of the Appalachian South.⁵⁰ The value of stock increased in light of the Nation's effort to supply war munitions to foreign countries during World War I. This acquisition of these coalfields consolidated the area along much of the line into the hands of the Clinchfield Corporation.

The Elkhorn extension offered another benefit to industries and commuters in the South: reduced travel time to Chicago. The opening of this line offered the shipper the opportunity to cut off two freight days in moving their products.⁵¹ This created interest for businessmen in the development of Johnson City. It also offered the people of Johnson City the opportunity of viewing the majestic scenery along the line.

This shorter line and extension allowed Carter to charge lower rates. This allowed the sections of East Tennessee, Western North Carolina, South Carolina and Georgia to benefit from these reduced rates. In the process it enlarged his monopoly of the region in the way of freight charges.⁵² Passenger service was added and it

⁴⁸ "Clinchfield Gets Coal Contract," *The Johnson City Staff*, 20 March 1915.

⁴⁹ "Clinchfield Company May Take Over V.I.C. & C. Control," *The Johnson City Staff*, 26 October 1915; "Clinchfield To Control V.I.C. & C.," Johnson City: *The Comet*, 28 October 1915.

⁵⁰ Roger D. Eller, "The Coal Barons of the Appalachian South, 1880-1930," *Appalachian Journal* 4 (3) (1977): 198.

⁵¹ "Elkhorn Extension Of C. C. & O. Will Be Opened On Thursday," The Johnson City Staff, 30 June 1915.

⁵² "Line From Dante To Elkhorn City," Johnson City: *The Comet*, 3 June 1915.

reduced the travel time by eight hours.

The Clinchfield worked hard to entice new businesses to the area. J. Fred Johnson of the C. C. & O negotiated the location of a half million dollar chemical plant to locate in Johnson City. The railroad would be able to supply the necessary raw materials to the plant. The material needed was feldspar, which was available in great quantities along the line especially in Western North Carolina. The plant manufactured chemicals essential in dyeing and enameling. The building of this plant brought 300 men to the region.⁵³ Many of these laborers stayed in the region to work at the plant or assisted in other endeavors that located to Johnson City.

The Clinchfield continued to attract businesses to Johnson City. Fred Johnson negotiated the terms for the location of a box factory to be located at Carnegie, Tennessee. The factory was given a five-acre tract to locate here. The company manufactured tobacco boxes and knitting mill boxes and expected to find a favorable market along the line to distribute.⁵⁴ The article failed to mention who gave the land to the company, whether it came from the Clinchfield Company or the city remains unclear.

The ability of the railroad to provide raw materials continued as a big draw for many companies to locate in eastern Tennessee. A pottery plant was established at Erwin, Tennessee to take advantage of the kaolin and feldspar along the line of the Clinchfield. The majority of this material located in Mitchell and Yancey counties in

⁵³ "Immense Industry... Half Million Dollar Plant To Be Located Here," *The Johnson City Staff*, 27 July 1915.

⁵⁴ "Box Factory To Be Constructed In Carnegie Addition At Once," *The Johnson City Staff*, 14 August 1915.

western North Carolina relied on the Clinchfield as its vehicle for transportation.⁵⁵ The location of this pottery plant brought more business to an existing plant in Erwin. The plant became responsible for grinding the feldspar for the pottery plant. The location of this plant offered jobs to 300 people.

The Clinchfield attracted the interest of the government in many endeavors. In 1916, one plan considered the establishment of an armor plant in Johnson City or Elizabethton, Tennessee. The government interested in building in either of these locations looked to the Clinchfield to supply them with raw materials and transportation of its products. The government's interest centered in establishing a plant to supply steel for ships in the navy.⁵⁶ The government relied upon the Clinchfield's ability to furnish steel at a lower cost than the Bethlehem Steel Company. In retaliation, Bethlehem Steel, upset at the thought of losing a government contract, offered to supply steel to the government at cost.⁵⁷ Bethlehem Steel feared the competition that a new steel industry would provide. The development of a steel plant in the South especially along the Clinchfield line would interrupt its monopoly on the steel market. Due to Bethlehem Steel's action the Clinchfield failed to secure a steel plant at that time.

Carter also worked with the state government in 1911 for the establishment of East Tennessee University. He donated \$100,000, his personal home and 120 acres of

⁵⁵ "Work On Pottery Plant Employing 300 To Begin At Erwin," Johnson City: *The Comet*, 11 May 1916.

⁵⁶ "Government Armor Plant," Johnson City; *The Comet*, 12 October 1916.

⁵⁷ "Government Armor Plant: Mistaken Policy of Bethlehem Steel Company," *Johnson City Comet*, 29 June 1916.

land to the development of this school outside of Johnson City.⁵⁸ By establishing a school for higher learning, Carter attracted attention to his new industrial city. His involvement was not purely in the interest of higher learning. He wanted to thwart rival businessmen's involvement and influence in "his region." He also funded the education of mountain boys whom he thought deserved an education.⁵⁹ Carter further announced his intention to give a \$25 annual prize to each honor student.⁶⁰ His determination to secure the location of the campus knew no bounds. He influenced the decision of the Board by having a road cut to the property over night. This gave the Board a better view of the property. He even bought additional property to round out the campus.⁶¹ Aside from this act Carter made no philanthropic contributions or set up continuing scholarship funds. Carter seemed determined to put Johnson City on the map by the location of an institute for higher learning.

The Clinchfield also encouraged the growth of another city in Tennessee. The city of Kingsport expanded due to the industrial growth that the Clinchfield attracted to the region. Several plants located to Kingsport during the years after the completion of the railroad. The area attracted a pulp mill for the manufacture of finished paper. The Federal Dyestuffs and Chemical company shipped carloads of chemicals and was said to have been the largest in the South. One shipment of three carloads sold for a quarter of a million dollars. The Clinchfield Corporation also opened a plant in Kingsport. The Clinchfield Portland Cement Company shipped

⁵⁸ Lonon, 40.

⁵⁹ Ibid. Carter was a very private man and left little record of his community activities. There are no exact numbers of recipients to his generosity available.

⁶⁰ Frank B. Williams, Jr, *East Tennessee State University- A University's Story 1911-1980* (Johnson City: East Tennessee State University Press, 1991), 6.

large quantities of cement out of Kingsport for the use in construction of sidewalks all across the country.⁶² Carter owned the city of Kingsport at one time. In the acquisition of the railroad, Carter bought land options along the line. He envisioned industrial cities to provide business for his railroad. He depended on J. Fred Johnson and his northern investor's abilities to entice industry to locate around this city. This location of industry fueled business for the Clinchfield and helped ensure the line's success. Carter knew the area needed more industry to support his small but significant line.

Another government industry located in Kingsport was the shell factory. This arsenal manufactured shells for the government and located hundreds of soldiers to the area to build the plant.⁶³ This operation depended upon the favor of the government.

The Clinchfield maintained interest in more than industry. In 1916 they advertised to vacationers to come and enjoy "Summitland." They advertised in trade journals and newspapers across the country for people to come and enjoy the "highest peaks east of the Rockies, the most delightful and invigorating summer climate in Eastern America, and the scenery, which for beauty, variety, and grandeur has no superior in all the world, - these invite you to the New Play Ground above the Clouds..." All of this made accessible by the Carolina, Clinchfield, and Ohio Railway.⁶⁴ The rail line also offered transportation to the Eseeola Inn in Linville,

⁶¹ Ibid, 7.

⁶² "Developments Are Great; Believes Day Is Not Far Away When This Section Leads The U. S.," *Johnson City Comet*, 5 October 1916.

⁶³ "Shell Factory To Locate in Kingsport," *Herald and Tribune*, 15 August 1918.

⁶⁴ "Spend Your Vacation in the Appalachian Summitland: Now Rendered accessible by the CC&O,"

North Carolina which was owned by the Clinchfield. This resort offered golfing, bathing, trout fishing, and mountain climate to all seekers. The *Knoxville Journal and Tribune* ran ads that stated “CLINCHFIELD which means SERVICE you and your family will enjoy a healthy climate, prosperity and our Hospitality.”⁶⁵ The Clinchfield recognized the need to draw visitors to the area in hope that other business interests would follow.

The government also enlisted the assistance of the Clinchfield in securing a site for a military training camp to be located along the line. The government was taking advantage of the Clinchfield Railroad’s officials in scouting out locations in order to set up an Infantry and Machine Gun School quickly in order to get men trained to go overseas to France to aid in the war effort during World War I.⁶⁶ The Industrial Agent, V. V. Kelsey, recommended two possible sites for the Army Camp. One site was south of Johnson City and the other was northwest of Johnson City. However, Camp Wadsworth was eventually established at Spartanburg, South Carolina. Kelsey offered his assistance in the location of the camp established at Spartanburg.⁶⁷ The Clinchfield Railroad supplied the camp with ice, produce, and transportation to the city of Spartanburg.

The government relied upon the company’s agents to meet with businessmen and city officials. They thought that the camp would benefit the citizens of Spartanburg by providing increased revenue for the city. This was a logical

The Johnson City Comet, 17 June 1916.

⁶⁵ Ibid.

⁶⁶ Carolina Clinchfield & Ohio Collection, Series III, Box 63, Shelf 4-A-2-4 Accession #96, File 7.

⁶⁷ Ibid, Article from the *Spartanburg Herald*, undated.

assumption as over 40,000 men trained in this camp over the course of 1 ½ years.⁶⁸

With the establishment of the camp, the Clinchfield offered its assistance in any way possible. This amounted to enlisting the cooperation of the citizens of the Spartanburg region, alerting farmers along the lines to increase crops and to making arrangements with companies from Johnson City, Tennessee to Black Mountain, North Carolina in assisting in the supplying of this camp. The building of the camp was to cost \$1 million. The requirements of the railroad focused on the ability to provide adequate passenger service to the soldier to travel back and forth from the city. The government also required the railway to fund the spur line to the camp in order to provide passenger service. The company provided the spur track and thus transported soldiers to and from Spartanburg. The cooperation of the railroad and the government may shed light on how the Clinchfield Company continued its monopoly in face of the Sherman Act. This act passed in 1887, prohibited the growth of monopolies by the railroad.

The Army then enlisted the aid of the railroad in providing supplies to the camp. They wanted the Industrial Agent to set up contracts with local farmers along their line to supply farm goods to the camp. The government wanted the Clinchfield to negotiate bids with the farmers and transport the goods to the camp.⁶⁹

The Clinchfield negotiated with the Johnson City Coal, Ice, & Ice Cream Company. The camp unable to secure enough ice from Charlotte, looked to the Clinchfield to set it up with a supplier to provide ice for the men at Camp Wadsworth.

⁶⁸ Ibid, Letter from R. W. Dodge to V.V. Kelsey, May 19, 1917.

⁶⁹ Ibid, letters from the Adjutant General at Charleston, SC to Industrial Agent V. V. Kelsey, July-August 1917.

The railroad assumed the responsibility for shipping ice, poultry, eggs, and ice cream to the camp.⁷⁰ This action gave the Clinchfield stronger ties with the government. This protected the company from government action with regard to their monopoly on transportation and enabled them to be the main supplier for necessities to the camp.

The Clinchfield tried to develop the area around Alta Pass, North Carolina also. The company wanted to establish a resort community to increase their passenger business. The company purchased Humpback Mountain in order to engage in this enterprise.⁷¹ The railroad also tried to entice a Southern Baptist College to locate in the Alta Pass area but was unsuccessful.⁷² World War I interrupted the business plans for this region. Due to the economy, travel and vacations failed to interest many Americans. Therefore in an effort to cut their losses, the Clinchfield sold this investment in 1926.

The Clinchfield Railroad attracted many businesses to the regions of Tennessee, North Carolina, and South Carolina. Many of the businesses made up the spokes of the wheel of industry that George L. Carter and the Clinchfield set in motion. Carter established a monopoly in the region due to his interests in both the coalfields and the railroad that transported the coal. He also influenced the organization of related businesses under the Clinchfield Corporation. He generated interest in this region for the development of an industrial stronghold in the South. His agents such as J. Fred Johnson worked hard to build the areas around Kingsport

⁷⁰ Ibid, Letter dated August 4, 1917.

⁷¹ CCO Collection, Series III, Box 44, X-438, "Purchase of Humpback Mountain, Sept. 1911 -Nov. 1921.

and Johnson City, Tennessee. They assured the success of the line and the Clinchfield holdings. His efforts made the dream of a direct route into the Middle West section of the country a reality and expanded the possibilities of this formerly inaccessible region of the Appalachian Mountains. Because of Carter's vision, the Clinchfield Company officials continued to seek new business interests to make the line successful. Although Carter left the Clinchfield Railroad to pursue other business interests, he set in motion the creation of a monopoly to benefit the Clinchfield Corporation.

⁷² CCO Collection, Series IV, Box 74 4-1033.

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