Tales of the Century: Kingsport, Tennessee

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Modern Kingsport has a remarkable growth story. In the 1910 U.S. Census, the population of Kingsport (not yet incorporated as a town) was only 510 people!

The story of the founding of Kingsport involves three key actors: First, George L. Carter. Second, Blair and Company, and third, the nation of Germany.

George L. Carter bought, around the turn of the 20th century, rights to vast tracts of coal and timberland in Southwest Virginia. Then, in 1902, he purchased 12,000 acres in what would become Kingsport, Tennessee from Rotherwood to Chestnut Ridge and from Reedy Creek to the Holston River.

Concurrent with that purchase, Carter founded something called the South and Western railway. This company was in five pieces across Tennessee, Kentucky, Virginia, and North Carolina. They were the remnants of an earlier project called the Charleston, Virginia, and Chicago railway that was started in 1886, but was never finished except for the separate pieces which were acquired by George L. Carter

George L. Carter was like an early version of Howard Hughes. He was secretive in his affairs. The charter of the South and Western railway read that it was interested from any point on the Atlantic to any point on the Great Lakes. However, he had a very specific idea to build a railroad connecting his coal holdings in Eastern Kentucky and Southwestern Virginia to Charleston, South Carolina.

By 1905, Carter had built parts of his railroad but had run out of money, as is not unusual for an entrepreneur with big ideas and limited resources that he was using from Baltimore money men. So, in 1905, Carter went to New York and enlisted a private banking company called Blair and Company, which was a private partnership consisting of about 15 partners. One of the partners was John B. Dennis. Blair and Company came to examine Carter’s vast holdings of 300,000 acres of coal and timberland. This was essentially all of Dickenson County Virginia plus other parcels beyond. At the culmination of the trip, a banquet was held at the Hotel Bristol and Blair and Company agreed to bankroll Carter’s plans, even though Carter himself didn’t attend and instead had his chief legal council to close the deal.

Between 1905 and 1915, the Carolina, Clinchfield and Ohio railroad which was renamed to be more specific, built 277 miles of railroad from Eastern Kentucky to Spartenburg, South Carolina. It was the most expensive railroad (in constant dollars) ever built in the U. S. Four percent of the rail was underground, because he went across the mountains rather than down the valleys as financed by Blair and Company. So Blair and Company was interested in making the coal holdings obtained from Carter more valuable—coal without transportation is useless. The railroad in Kingsport was completed around January 1909, while the northern portions were completed by 1915.

George L. Carter did not like to deal with things he didn’t control, so he decided to sell his holdings to Blair and Company in 1911 and move to Coalwood, Virginia. As an indication of what sort of businessman he was, consider this: He had other coal lands in southern West Virginia, and in 1926 sold these holdings to a major steel company for 50% in cash and 50% in stock. When the steel company went bankrupt in the depression, Carter was able to purchase back these holdings very cheaply. Finally, by 1944, Carter sold these holdings again for a sum of $45 million, which, at the time, was an enormous fortune.

Obviously, a critical interest of the railroad was to find people to buy coal. The Carolina, Clinchfield, and Ohio RR had an industrial relations department to attract industries to Kingsport for the purpose of increasing the business of transporting and selling coal. The thousands of acres of land in what would become Kingsport was ideal for locating industrial concerns as well as a town. In 1910, the Blair and Company recruited the people who build Clinchfield Portland Cement Company which eventually was Penn Dixie Cement Co. which closed in 1980. Initially, the biggest customer of the cement company was the railroad itself, because they needed cement to line the 55 tunnels for the track route itself. Near the Eastman Research complex itself is the Holston tunnel, which is the shortest of the 55 tunnels at only 154 feet long. The longest tunnel is in Southwest Virginia, and is 8000 feet long.

In 1911, the Brick plant was established in Kingsport with Blair and Co. backing which was supportive of the coal and railroad business because coal was used to fire brick. In 1912, the Kingsport Extract Company was established which used hard wood from the area. This company evolved into the Meade Paper Company. The Grant Leather Company was established in 1913 to provide accessories for horses, which were still used at that time for locomotion. All of these companies were financed and made possible by the backing of Blair and Company. These concerns also brought workers into the area and Kingsport began to grow in population.

As mentioned in the beginning, a major factor in Kingsport’s history was Germany. In 1914, World War I broke out. This caused several economic shock waves to benefit Kingsport’s growth. First, all the best textile dyes were made in Germany at that time. The Federal Dyestuff and Chemical company was established in Kingsport, at the behest of the railroad, to take advantage of the wartime need to replace dye imports from Germany. The dye plant was near where the former AGC glass plant headquarters and extended across the creek to where the new Eastman Corporate Business Center parking lot is today. Dye production began about 1916.

Then, in 1917, the U.S. finally joined World War I against Germany. This led to the establishment of the Edgewood Arsenal which was constructed where the current parking lot in between B-280 and the Eastman Employee Center is today. One feature of the plant was a huge brick dome. Inside this structure, chemical warfare weapons were filled with poison gas for the military. This is not widely known, and certainly you won’t find this in the Chamber of Commerce literature today!

World War I ended in November of 1918, and the Federal Dyestuffs and Edgewood Arsenal did not survive the end of the war. However, the railroad continued to attract industries to Kingsport. In 1917, a wood reduction company was started near the river just south of the Federal Dyestuff location near where the northern edge of Tennessee Eastman operations meets the glass plant property. The wood reduction company was never completed. In 1920, Blair and Company attracted George Eastman. The two major materials in the Kingsport region are coal and wood, and the technology of the time used wood to make methanol, which was needed by Kodak. After George Eastman acquired the defunct wood reduction company, he built a sawmill immediately west of today’s location of the Eastman Research complex, and the sawmill was operated from 1920 to 1944.

One of the things Eastman did after they brought the hardwood from North Carolina and Southwest Virginia was to expand the supply by purchasing land in Blair’s Gap. This is the first gap in Bays Mountain heading west. In 1926, Eastman built a 26 mile railroad from the old side of the plant to Blair’s gap to transport timber to the sawmill. On the humorous side, there was a subsidiary benefit to being involved in the Blair’s Gap area. Before Eastman came, it was extremely isolated. It turns out that they were all experts in distillation--So it was helpful that as Eastman became a chemical company, they didn’t have a train a lot of operators!

Blair and Company started the Kingsport Press in 1923. It was originally going to be a harness company for horses, and a steel structure was built for this purpose. Kingsport Press attracted Holliston Mills which was the book binding part of the company. In 1925, they brought the Borden family from Falls River, Massachusetts to Kingsport, and they ended up building Borden Mills. Of course today, the building has been demolished (just in 2015), but it was the largest building in Kingsport in its day. In fact, the original plan was to build a second building the same size and expand the textile production accordingly, but this never happened.

Eastman expanded its product offerings steadily to meet more broadly the needs of Kodak. In 1930, hydroquinone was being produced. In 1931, cellulose acetate was added as a product, and 1933 cellulose acetate plastics were added, and then over the years, more plants were built on the Eastman site to further expand the number of products and the number of customers and markets far beyond the needs of Kodak raw materials.

So, from the entrepreneurial spirit of George L. Carter, an entire region was energized by coal, railroads, and the resulted in the founding of the industrial town of Kingsport. Vince Staten’s recent book on Kingsport is an excellent history, but there is a grievous error right on the first page. Staten says that although George L. Carter was the true founder of Kingsport and the owner of the land in the first decade of the 20th century, there is nothing in the city today that bears his name. This is not true. The railroad yard which runs the length of Lincoln Street today is named Carter Yard. Of course, not many people know this as this is the name of a rail facility and not a public facility.

Blair and Company was a private banking house and was very unusual. In 1923, James A. Blair, who was the principal, decided he would retire. Normally, a company would be passed on to a successor in some way. Blair, and his partners, which included John B. Dennis, instead decided to dissolve and divide the company rather than to continue. Mr. Blair went to the Caribbean and bought an island. Thomas Fortune Ryan, who was a major partner and involved with U.S. Steel, and founded Consolidated Edison in Chicago, went his separate way. John B. Dennis came to Kingsport to manage the portion of the assets he received.

Since Blair and Company was dissolved, no other important industry has come to Kingsport, except for Holston Ordinance which was necessitated by World War II and built on the expertise of Tennessee Eastman.

Why did Blair and Company dissolve instead of being an on-going concern? The government would not allow Blair and Company to sell the railroad, because by this point (1926) it was considered to be a strategic asset and any buyer would have a dominant position to dictate terms in the economy. The Blair and Company, wise fellows, decided to lease the railroad to the Louisville National railroad company based in Louisville, Kentucky, and leased the railroad to Coastal Railroad in North Carolina, not for 99 years, but for 999 years! The terms of the lease were for 3% of the stock value each year for 5 years, 4% for the next five years, and the for 5% of the stock value for the remainder of the lease. And, the lease had to be paid in gold. Unfortunately, in 1933, the U.S. abandoned the gold standard, so it became much more difficult to exchange gold! The former Blair and Company principals did very well even so. By 1938, 5% of the stock value was an enormous return, because interest rates were only 0.25% because of the aftermath of the Great Depression. And, the railroads paid the lease payments without fail.

Let’s talk about Tennessee Eastman a bit. J. K. Gillenwater was Vice President of purchasing at Eastman. He was a salesman for Eastman in the 1920s early in his career. The sawmill produced lumber for use in wood distillation, but also produced saw dust as a by-product. The story is that Eastman invented the “Charket” or charcoal briquettes now used so widely for outdoor cooking. Eastman built a machine that would compress sawdust into briquettes, which were then fired in a retort to turn it into charcoal. Unfortunately, the individual sawdust briquettes stuck together in the retort and out came one enormous piece of charcoal. Jay Gillenwater’s story was that everyone who made more the 26 cents/hour was enlisted to try to solve this problem. There was a laborer who did low-skilled work like changing light bulbs and driving trucks who actually solved the problem. He told Jay to wet the briquettes and cover them with fresh sawdust. This kept the briquettes from sticking together in the retort. His point was that you just might find great ideas from unexpected places.

What were the major uses of charcoal briquettes in the 20’s and 30’s? They were widely used in railroad dining cars, and they were used in boxcars carrying food from California over the Sierra Nevada mountains to keep the produce from freezing. Jay Gillenwater was a salesman who sold Charkets for these purposes.

In 1941, the War Department approached Tennessee Eastman with a proposal to take a contaminated acetic acid stream from them and clean up for them. As TEC found out, though, the stream was contaminated with the high explosive, RDX. Nonetheless, TEC developed a process to clean up this stream. Then, in 1942, the government decided to request that TEC make RDX (Research Department Explosive) for the war effort. The British had been producing RDX by a batch process, which was proving to be unsafe and resulting in explosions. They had not invested the intellectual and engineering capital to make a better-controlled continuous process. So, Eastman took on the challenge and built the Wexler Bend pilot plant (near where John B. Dennis highway crosses the Holston River) to demonstrate a continuous process. Between 1942 and 1944, there were about 15,000 people involve in building the Holston Ordinance Works in the area between Bays Mountain and Mt. Carmel plus in “Area A” adjacent to Eastman. There were ten parallel production lines built, and then quickly upgraded to better technology as it was developed.

One thing not widely known is that on Eastman Road going toward Kingsport past the Borden Mill site. The first two streets have houses built for employees of Borden Mills, but the next three streets, Carolina and Pineola are populated by Defense houses that were built to support workers at Holston Ordinance and those who operated the plant. These are the small brick houses that could be seen today.

RDX was so important because the Germans developed a strong steel shell for their submarines that could only be penetrated by an enormous explosive energy. In the first six months of U.S. involvement in WWII, beginning January 1942, 436 ships were sunk by German submarines off the U.S. coast—That’s a rate of nearly 3 per day.

So, RDX was incredibly important in the war effort, and it gave Kingsport another boost in its growth as a city and industrial center.

Thus, the George L. Carter entrepreneurial spirit (along with the coal and timber resources in the region), the interest and backing of Blair and Company, and the opportunities generated by the German aggressions of World War I and World War II are the major fundamental reasons that Kingsport has developed into the important small city it is today.