

## Chapter VII

*The joint-stock land improvement companies – their origin, formation, and mode of government – Their effect upon Southwest Virginia – These companies the means of manufactures and enterprises being brought in – The General results of their efforts – Speculation in connection with them – Its effects – Various opinions concerning the same – Lieutenant-Governor Tyler, James S. Simmons, L.L. Powell, L.S. Calfee, A.M. Bowman, E.S. Stuart, J. Lawrence Radford.*

Whatever may be the individual opinion of any one on the subject which we now have in hand, a careful investigation of the facts in connections with it, and salient points upon the operations of joint-stock land companies, show that they have been one of the strongest auxiliary causes of the rapid development of Southwest Virginia. So important a part have they played among the causes which we are seeking to investigate, that some information concerning their origin and formation, with a slight history of the first ones in Southwest Virginia, is not amiss.

Generally, any five or more citizens who desire to form one of these companies apply to the circuit court of the county in which they reside, or hustings court of the city, to be incorporated as a body politic, with all the rights, powers, franchises, duties, and obligations of such bodies conferred upon the. In this application the amount of capital stock to be issued by the company, with its minimum and maximum limits in that respect, are set forth, as well as the amount of each share specified. The names of the incorporators, place of business, and officers of the company are given also. When the court approves this application and gives them the powers prayed for, that is termed the charter, which, upon recordation in the office of the Secretary of the Commonwealth, gives them the requisite authority to proceed at once to business.

Upon their first meeting so many shares of stock are issued, and after that is taken there is a meeting of the stockholders, when by-laws are passed, and generally an election of president, vice-president, secretary, and a board of directors – the latter of whom govern the affairs of the company. As the board and stockholders may direct, a certain quantity of real estate is bought, and the necessary assessments made upon the stockholders to pay the cash payment upon this, and to have it surveyed off in lots of proper sizes, which, after being properly improved, are placed upon the markets and sold, either by way of public auction or privately, as the company desires. The proceeds from the sale of these lots are put in the treasury, and after payment of the necessary expenses the profits are divided among the stockholders in proportion to the amount of stock held by each shareholder. This stock, from the time it is issued until it is redeemed, has always a value upon the market generally governed by the confidence the public has in the company and the approximate value of the dividends it is likely to pay. From the formation of the first land company in Southwest Virginia to the present time many fortunes have been made by a participation in the profits of these companies, as well as buying and selling the stock, but not a single man has ever lost one dollar as yet from investing in the stock, that we can find out after a diligent inquiry.

As an evidential fact of the marvelous success of these organizations we mention the transactions and pecuniary workings of one of the oldest companies, which is still in active operation – the "Home Building and Conveyancing Company," which was formed in the primitive days of land companies, and the parent of many on existence now. The capital stock of this company at the date of its organization was \$5,000. The investments and operations of the concern were upon the soundest basis, and so successful that the capital stock paid up today is \$200,000 and net assets of at least \$500,000. This concern may justly claim to be the mother of almost all the investment companies in and about the city of Roanoke, which have done so much towards building up her material interests. The West End

Land Company, the Belmont and the River View Land and Manufacturing Companies, owe their origin to this Home Building and Conveyancing Company. The Iron Belt Land, Mining, and Development Company of Virginia (known now as the "Virginia Company") was among the earlier companies in the Southwest, and has been of vast assistance in developing the country at Bluefield, Radford, Pulaski City, Crewe, Norton, and other points. This company is now owned and controlled by the Norfolk and Western Railroad Company, of which we have already spoken in a former chapter. Now should we omit to mention the Roanoke Land and Improvement Company, one of the oldest, and said to have been the cause of the "the Roanoke Machine Works being located in Southwest Virginia," and gave an impetus to business which has never been forgotten to this day, although the organization is virtually wound up. From the earlier days of the land companies have multiplied and increased until their number is very large and they influence they wield immense.

The effect of these organizations on Southwest Virginia is simply marvelous. No one expects any undertaking inaugurated by man to be perfect, and all readily acknowledge that everything good has its accompanying evil, so it is that some objectionable features have necessarily come in; but the results accomplished by them in materially advancing the growth of the country counterbalance and overwhelm any evil ones. In the very first instance, their corporate and joint existence gives them a power to carry out their objects and aims which an individual could never succeed in carrying out from his want of the proper amount of capital and concert of action. By these organizations men become bound together not only in unity of plan and action, but what is much more to the point, unity of pecuniary interest. Each shareholder is deeply involved in the ultimate result of the undertaking, and therefore advances the whole with all his power and ability. He cannot injure his fellow-man's prospects and interest without attacking his own, so the whole is moved forward. The appointment of a board to act, with capable assistants to advise, in the shape of a board of directors, and unlimited capital to draw upon, gives the company the means of seizing any opportunity which presents itself and would be most likely to enhance their pecuniary interests. As everyone is more or less bound up. Every known lever is brought to bear to increase the value of their joint interest.

As an increased value of the property which they possess in common is the main object of these organizations, every legitimate means is seized to enhance it. Manufacturing enterprises, with their train of merchants, mechanics, artisans, and laborers, are invited, sought out, and induced to come and locate on the property. Free sites, donations of lots, and subscription by the company to these industries are some among the many inducements held out by them in the effort they make to increase the value of their property. Each and every advantage of their particular locality in the way of agricultural and mineral resources, climate, scenery, and population are thoroughly advertised and placed before the people. The result is, foreign capital – manufacturing interests – seek a community almost as if by one magic stroke. Roanoke, Salem, Radford, Pulaski City, Max Meadows, Wytheville, all owe their prosperity and material progress to the untiring efforts of these joint stock concerns, which have brought in enterprises and industries that would never have sought their borders but for the inducements of the land companies.

Let us take an illustration of this fact: Since April, 1890, Salem, Virginia, has doubled her population, and from being a lovely residential seat of learning, has become a rushing, thriving, business place, with manufacturing plants, stores, and hotels all around. The investigation of the cause of this leads to but one conclusion as to why it grew so rapidly: the united efforts and boundless enterprise of the development companies there, headed and managed by men like D.B. Strouse, A.M. Bowman, Mr. Armstrong, Mr. Allen, and several others. If any manufacturing establishment wanted a location in which to pursue its vocation, Salem offered almost irreversible inducements in the way of free donations of sites, and subscribed capital to the undertaking.

The number of enterprises and foreign capital which they have drawn into Southwest Virginia in the

last two years is almost incredible. Many Northern, Eastern, and Western capitalists are interested in the stock of these companies, and induce and persuade many of their friends to wither build new manufacturing enterprises or remove their old ones here. They, too, tell of Southwest Virginia's resources in minerals, and the many opportunities held out through her wealth for men to better themselves pecuniarily, as well as the temptation to locate in a land with such glorious climate, scenery, soil, and productions. Most of the working capital now in our country is that of people who either dwell out of it, or of those who have emigrated here and cast their fortunes among us. There is scarcely a development company that we know of that does not have a journal, periodical, or publication of some sort, setting forth the many advantages of the country, city, or town in which it is located.

The general result of all these efforts is for the good of the country at large. But for these there are many manufacturing industries that would not be in existence, and many a town never thought of. Individuals could never have accomplished the same and given the whole country such an impetus in a business way as to cause the whole land to seem in a boom, and in many cases a ,manufacturing place to come into existence as if through the fairy power of some genii. Yet here they are living realities and monuments to what the combined force of energy and capital can do.

One of the necessary results of these joint stock companies in opening up and developing the country for speculation, which is sure to follow. Speculation is nothing but a fictitious value placed upon the properties which are being generally bought and sold; and whether the values of properties come in that class or not depends not upon the rapid advance in price, but whether there are resources and causes of development enough in a country to support more than its present population. If the inhabitants of any community absorb all the profits from the agricultural, commercial, and manufacturing interests that it is capable of supporting, then of course any rapid advance ion property at values not truly supported would cause untold pecuniary trouble. But property may advance rapidly in price, and on that account seem to be reaching a purely fictitious basis; yet, if the full commercial, agricultural, and manufacturing resources are not developed, then there is no such thing as a fictitious value of property, although its price may double many times in a week. There have been many predictions in the past six years about the great crash that was sure to come, and some persons were disposed to regard the rapid advancements going on as indicative of a "South Sea Island scheme"; but those people have looked only at the buying and selling of property, without investigating carefully the wonderful resources of Southwest Virginia and its agricultural and manufacturing powers. These latter have kept apace, and in a great measure by these developmental companies, who, though apparently engaged in selling lots, yet have never lost an opportunity to locate an enterprise wherein and whenever they could. In this they had but little trouble, especially in iron and wood, because manufacturers who can be convinced that the raw material is in a country in great quantities, and that it can be worked there cheaper than anywhere else, are sure to invest their capital. And until the population of any country is sufficient to consume all those resources fully developed, which have been named, there can be no fictitious value of property; because as long as they come and are obliged to have property, then, however much it may advance in price, there can only be real value attached to it.

Anyone who is at all familiar with either the agricultural or mineral resources of Southwest Virginia knows full well that the former is only partly developed, while the latter is but in its infancy, and that the manufacturing industries are at present way ahead of the needs of the present population, to say nothing of those whom the abundance of raw material is sure to draw here. The buying and selling of real estate in Southwest Virginia has been, and is today, as safe as dealing in sugar and coffee, and the proof is, not one individual has ever lost a dollar at it yet.

The desire in the greater portion of humanity to grow rich as quickly as possible is as inherent in the

people of Southwest Virginia as in any other that we know of. And on this account, while there may be no fictitious value upon the properties, yet there may be too much buying and selling of real estate to the exclusion of other trades and callings. Men ordinarily cannot pursue but one line of business successfully at the same time, and the danger in this country is not any great financial or real estate collapse, but the pecuniary failure of an individual now and then, who, being engaged in other pursuits, draws out how money from that business to engage in speculation, and not be able to meet his business obligations. This is the danger. Not only is too much capital withdrawn from what are known as legitimate pursuits, but the latter are totally deserted, and have to be rebuilt again when entered into. Individuals may be hurt financially after awhile from the cause stated, but there will be many a year yet before property in this section reaches its maximum figures, because the resources have yet to be fully developed. Everything in this life has a great tendency to settle itself in its proper channels, based upon supply and demand, and there can be but little doubt of the fact that this business which people occasionally exclaim at will settle itself upon a proper basis if there are fictitious values placed upon the property.

But regarding this subject no one opinion should be advanced, so we here give the views of some of the most prominent gentlemen in Southwest Virginia on the score of advance in the value of real estate. Lieutenant-Governor J. Hoge Tyler, president of the Radford Development Company, said, when questioned upon this subject:

"I regard Southwest Virginia as one of the most favorable sections in the South. It is the direct line from East to West, and a route from Norfolk to San Francisco can be made via Lynchburg, Radford, Louisville, St. Louis, Kansas City, one hundred and forty miles shorter than by the route running from New York to the western slope. The causes of the rapid development of this section are its superb agricultural and mining resources, combined with the developing policy of the Norfolk and Western Railroad Company. So far from thinking that there are fictitious values upon property in this country, owing to the resources I have just named, I am of the opinion that property will advance for years to come."

Mr. James S. Simmons, who was vice-president of the House Building and Conveyancing Company, and who has been for a number of years connected with real estate in almost every way – a member of the leading real estate firm in Southwest Virginia says:

"The development companies have been one of the principal causes of the onward march toward prosperity. Real estate for years has steadily increased in value, and will continue to do so until the many resources of the country are fully opened up. Property is very low in Southwest Virginia, when we consider the amount of wealth which lies around, and it must increase in value as that is brought out."

Mr. L. L. Powell, a son of the accomplished and learned D. Lee Powell, of Richmond, Virginia, and who is the senior member of one of the leading real estate firms in Roanoke, made this statement concerning the matter:

"No one has ever lost one dollar speculating in real estate in this country, because it has had the best opportunities to thrive. Industries have been brought in ahead of the demands of the country, thereby making an increase in the value of property all the time. Speculation is on a solid basis, and, in my judgment, will continue to do so until the manufacturing interests cease to come in. As these are just in their infancy, we may readily conclude that property has not reached any fictitious value. In times gone by, when industries were not half so many, property was almost as high then as now, and fortunes were made even more readily than at this time. I think the country has a golden future before it."

Mr. L. S. Calfee, of Pulaski City, says:

"The situation of the ores and coking fields almost together gives Southwest Virginia an impetus in the way of manufacturing which must make this section an iron centre. Being in the infancy of this great enterprise, it will be years before property in Southwest Virginia will reach its true value."

A.M. Bowman, president of the Salem Development Company, and a partner of George W. Palmer in their great stock enterprises, gives his views as follow:

"This country has a wonderful future before it. Its vast resources in the way of minerals, and the low rates at which they can be manufactured, are certain to cause it to progress for years to come. When those are fully developed and manufactured up, then we can tell something as to what values the property may go. Being in their infancy now, it must continue to increase and grow."

Mr. E. S. Stuart, of Roanoke, who has grown up with the Southwest, and a gentleman who has done as much as any man in the country for its growth, and the originator and promoter of the largest developing concerns, says:

"The wonderful deposits of minerals throughout this section, with the fine lands for agricultural development, give Southwest Virginia a basis for both agricultural and manufacturing powers. These are but beginning to increase in value. I am very sure that the values are not fictitious, but on a solid increasing basis."

Mr. J. Lawrence Radford, son of the late Dr. John B. Radford, a gentleman of varied knowledge and observation, in speaking upon the subject, says:

"My grandfather, Mr. John McCandless Taylor, in whose judgment all of us had great confidence, used to speak of the tremendous ore-bearing country in the Southwest, and took much interest in hunting minerals. He purchased a great deal of land around, and had unbounded faith in the future of this country. I think the wonderful development in ores in this section and the natural advantage in the way of climate make the future of it great, and at present, with all the advantages, I am sure property is not only sold at reasonable process, but that it will continue to advance in value as the resources are developed."

Strange as it may seem, an investigation of this whole section can but lead to the same conclusion which all these gentlemen from whom we have quoted have reached. When we gaze upon the farming and trucking facilities, with an increasing home demand for them; the thousands upon thousands of acres of all kinds of minerals in their native stage, and the cheapness with which they can be manufactured, we cannot fail to become convinced that the values upon properties, so far from being fictitious, have nothing like reached their maximum price.

When we think of the energy and untiring efforts of these development companies, their inducements to manufacturing industries, their own capital invested, we cannot withhold our tribute of praise, nor question the fact that they have played their parts well in the development of Southwest Virginia. We will revert to them more minutely in giving an account of the towns and cities along the lines of the Norfolk and Western Railroad Company and its tributaries. In the rapid growth of many of these places they have played an important part, and no history of these cities can be given which is not more or less entwined around them.

In the space allotted to us we have discussed as briefly as possible the causes of the development of Southwest Virginia, and now turn to our historical sketches of the cities and towns along the line of the Norfolk and Western Railroad Company in this section which are the natural results of this wonderful growth, and which have played no small part themselves in the progress of this great section of country of which we have been writing.