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The Changing Control of Economic Activity in the Gatlinburg, Tennessee Area, 1930-1973

Jerome Eric Dobson
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I am submitting herewith a dissertation written by Jerome Eric Dobson entitled "The Changing Control of Economic Activity in the Gatlinburg, Tennessee Area, 1930-1973." I have examined the final electronic copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Geography.

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We have read this dissertation and recommend its acceptance:

Edwin H Hammond, Robert G. Long, Charles S. Aiken, and Frank O. Leuthold

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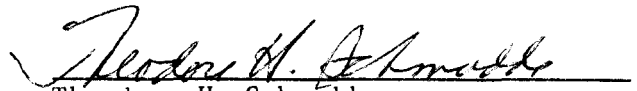
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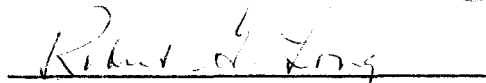
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THE CHANGING CONTROL OF ECONOMIC ACTIVITY IN THE
GATLINBURG, TENNESSEE AREA, 1930-1973

A Dissertation
Presented for the
Doctor of Philosophy
Degree
The University of Tennessee

Jerome Eric Dobson

March 1975

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To all these people I am thankful for helping to make this research possible.

ABSTRACT

Among government officials, planners, and citizens there is an almost universal belief that any economic growth will benefit the people of the area in which it occurs. This research tests that assumption through an analysis of resort development in the Gatlinburg, Tennessee area from 1930 to 1973. Its purpose is to investigate the processes of change accompanying rapid economic growth with a particular emphasis on how indigenous land owners and entrepreneurs have fared as participants in the economic system.

A geographic approach is employed to examine the processes which shape the economic character of the area and affect indigenous participation. Evidence of rapid economic growth is documented through sequential counts of population, visitors, buildings, businesses, and gross business receipts for various representative years from 1930 to 1973. The territorial growth of Gatlinburg is measured through expansion of the incorporated area, built-up area, and fragmented (small-parcel) area with special attention to the role of commercial and residential land uses.

The impact of economic growth on indigenous participation is indicated by the changing control of land and businesses in the study area. Land ownership data were obtained directly from tax records. Data on business ownership were taken from field investigation and other primary sources. The participants are classified as indigenous residents of Sevier County, newcomers of ten years or less as of 1972, and outsiders.

It was found that indigenous people are participating less and less in the major benefits of Gatlinburg's economic growth. Outsiders and newcomers are rapidly increasing their control of motel accommodations and key speculative land. Overall benefits to indigenous land owners and entrepreneurs have been quite limited since about 1968. Moreover, this shift of benefits to exogenous participants is a consequence of the processes of resort development and may be expected to occur in similar growth elsewhere.

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CHAPTER I

INTRODUCTION

Winnick¹ and Hansen² have complained that regional growth programs usually are designed to improve the economic welfare of areas rather than people. The improvement of man's existence or social welfare seems to be the only reasonable justification for economic growth, but economists admit that most growth models do not measure individual welfare.^{3,4,5} Among government officials, planners, and citizens, there remains an almost universal belief that any economic growth will benefit the area in which it occurs. The success of development programs invariably is measured by registering increases in jobs, incomes, housing, or whatever per area. Neither the programs nor their measures of success are concerned with specific effects on the indigenous population. For example, a plan may be considered

¹Louis Winnick, "Place Prosperity vs. People Prosperity: Welfare Considerations in the Geographic Redistribution of Economic Activity," in Essays in Urban Land Economics (Los Angeles: Real Estate Research Program, University of California, 1966), pp. 273-283.

²Niles M. Hansen, Rural Poverty and the Urban Crisis (Bloomington, Ind.: Indiana University Press, 1970).

³Horst Siebert, Regional Economic Growth: Theory and Policy (Scranton, Pa.: International Textbook Company, 1969), p. 25.

⁴Moses Abramovitz, "The Welfare Interpretation of Secular Trends in National Income and Product," in The Allocation of Economic Resources (Stanford: Stanford University Press, 1959), pp. 1-4.

⁵Harry W. Richardson, Regional Growth Theory (New York: John Wiley and Sons, 1973), pp. 201-202.

successful as long as average incomes increase even if the wages of indigenous people are reduced to a minimum; in such cases the "success" is accomplished by bringing in new residents with higher incomes.

Only recently has inquiry turned to the specific linkages between growth stimulators and indigenous individuals. Morrill feels that since 1970 there has been growing skepticism toward increased per capita income as a goal for regional development in the more developed countries. The new attitude includes increasing concern for citizen participation with some shifts from efficiency to equity or from collective to individual preferences.⁶

Recreational development often is touted as a means of improving the economies of rural areas in which few alternative commercial activities are feasible. Proponents cite higher land values, larger tax revenues, new jobs, new money, and general economic growth as benefits to the area, but they do not explain the means by which these supposed benefits will accrue to the local citizenry. In contradiction it could be argued that the resort industries of today are big businesses with less and less place for the local property owner. Seldom do his skills qualify him for the higher paying managerial jobs or enable him to compete as a businessman. Nor does he have the capital to develop his own land or business. Normally he must accept low-wage labor (usually seasonal and often menial) or sell his land if he wishes to reap expected monetary benefits. Even in areas with a tradition of

⁶Richard L. Morrill, "Information for Regional Development," The Geographical Review, Vol. 63, No. 3 (July, 1973), p. 403.

tourism, local entrepreneurs may not possess the skills necessary for corporate management in today's large recreational enterprises.

The processes of growth and change accompanying rapid resort development seem bound to alter the economic and social roles played by indigenous individuals. Rapid economic growth almost by necessity attracts new residents and entrepreneurs, and it is logical to assume that a large, active group of new land and business owners will change the political and economic decision-making structure of the community. If participants in the economy become predominantly exogenous, the indigenous population is likely to lose much of its former control over local policies and economic benefits accruing from growth.

I. PURPOSE

It is usually assumed that any economic growth will benefit local inhabitants and that there is little variation from one form of development to another. The goal of this research is to evaluate that assumption with a case study of resort development in Gatlinburg, Tennessee, and its surrounding area. If exogenous participants are more competitive in an expanding economy, the benefits of growth may accrue primarily to them, and indigenous participation may actually decrease. This study will investigate the processes of change accompanying rapid resort development with a particular emphasis on how indigenous land owners and entrepreneurs have fared as participants in the economic system.

If, indeed, certain institutions are more competitive than others in an expanding economy, a corollary is the premature dereliction of

less-competitive institutions. A comparison of the characteristics of expanding institutions with those of static or declining institutions should reveal the effects of growth on the future balance of control. The finding that large, exogenously-owned businesses are expanding in Gatlinburg while small, indigenously-owned businesses are declining would support the hypothesis that local populations gain little from rapid economic growth. This study will examine Gatlinburg's business ownership in terms of growing versus declining businesses.

The concern here is that economic growth may occur in an area without significantly benefiting indigenous people, or that indigenous people may actually be displaced from their traditional roles as land owners and entrepreneurs. The thesis of this study suggests that exponential growth can be characterized by the expansion of exogenous control with the indigenous population sooner or later reduced relatively and absolutely as participants in economic benefits accruing from growth.

II. CRITERIA FOR WELFARE JUDGMENTS

The concern that economic development sometimes may help one individual at the expense of another points toward the need for objective criteria for evaluating development programs. Pareto has proposed that, "Any change which harms no one and which makes some people better off (in their own estimation) must be considered to be an improvement."⁷

⁷Vilfredo Pareto, Manuel d'Economie Politique (Paris: Girard, 1927), pp. 617-618.

Conversely, any change which harms even a single individual cannot be judged by Pareto's criterion. Kaldor⁸ and Scitovsky⁹ have attempted to overcome this deficiency by having individuals assign monetary values to the gains and losses they expect to sustain if a change is made. In their views any change which produces a net gain is an improvement although the losers would not actually be compensated for their losses. Baumol feels that potential monetary compensation is an arbitrary standard since, for example, a given sum of money may be of greater value to a poor man than to a rich man.¹⁰ A third set of criteria proposed by Bergson employs a series of social welfare function curves to aid in choosing the best of several alternative changes, but it does not determine whether any of the alternatives are improvements over the status quo.¹¹

Although incomplete, the Pareto criteria provide an excellent starting point for an evaluation of Gatlinburg's development. The welfare of indigenous individuals can be compared with that of exogenous individuals. If either group has gained and neither has been harmed, the recent economic growth can be considered an improvement over the previous situation. Conversely, if either group has been harmed, the change cannot be evaluated by the Pareto criterion. Under such

⁸Nicholas Kaldor, "A Note of Tariffs and the Terms of Trade," Economica, Vol. 7 (November, 1940).

⁹Tibor Scitovsky, "A Note on Welfare Propositions in Economics," Review of Economic Studies, Vol. 9 (November, 1941).

¹⁰William J. Baumol, Economic Theory and Operations Analysis (Englewood Cliffs: Prentice-Hall, Inc., 1965), pp. 379-380.

¹¹Ibid., p. 380.

circumstances the value of Gatlinburg's development can only be determined by its success in accomplishing stated goals such as, for example, the improvement of indigenous economic welfare.

III. STUDY AREA

Gatlinburg, Tennessee, was chosen for this study because of its rapid and relatively recent development. Growth of the commercial and residential infrastructures is evident even to the most casual observer. The Great Smoky Mountains National Park has assured a large flow of visitors, and growth has been encouraged by overall increases in tourism. Nevertheless, the area and the number of land owners, entrepreneurs, and businesses are small enough to be handled comprehensively.

Gatlinburg serves well as a case study of the effects of recreational development because of its almost total orientation toward the resort function. Most businesses are tourist-oriented, and virtually all businesses are dependent upon the tourist trade. The town is a free-standing resort not associated with any large multifunction city and is relatively devoid of extrinsic influences.

The research centers on the city of Gatlinburg and compares its development with that of Pigeon Forge and surrounding rural land. The area is located in south-central Sevier County, Tennessee, and in this study is termed the Little Pigeon District after the river which bisects it (Figure 1). The district includes the two cities and rural portions of the Second and Eleventh Civil Districts and half of the Fifth Civil District herein called the eastern, western, and northern divisions. Gatlinburg was carved from the western division in 1945

SEVIER COUNTY, TENNESSEE 1973

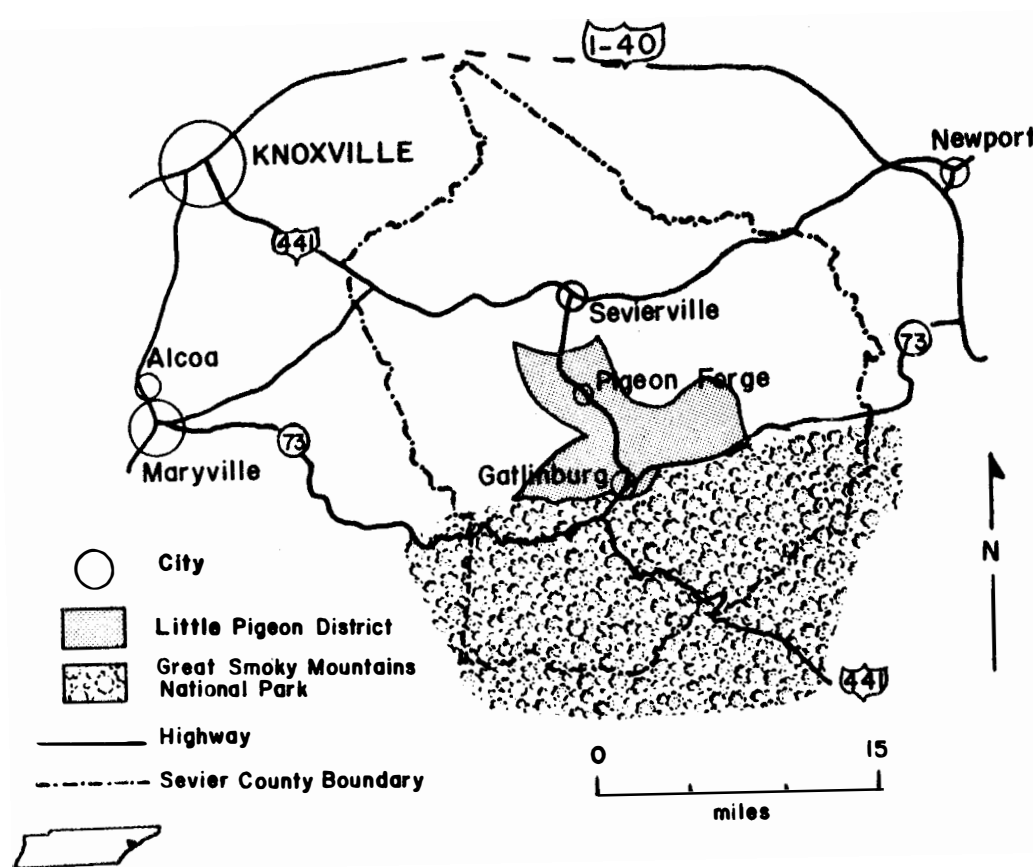


FIGURE 1. Sevier County, Tennessee, 1973.

and has annexed portions occasionally since that time. Pigeon Forge was incorporated in the northern division in 1961, and there have been additional annexations. Measured from the center of Gatlinburg, the Little Pigeon District extends six miles to the east, eight to the north, six to the west, and to the Great Smoky Mountains National Park on the south.

IV. GATLINBURG AND THE GROWTH OF RESORTS NATIONALLY

Nationally resort development reached a feverish pace during the mid-1920's, particularly in Florida, but declined precipitously after 1926.¹² It was during this national slump that Gatlinburg acquired its initial resort image with the establishment of the Great Smoky Mountains National Park (1926-1930). Since then Gatlinburg has grown as tourism has grown nationally. Numerous other United States resorts have grown to prominence in this later period. Las Vegas was a quiet small town when Nevada legalized gambling in 1931, and since then it has grown into a world famous resort city with a year-round population of 126,000.¹³ The well-known ski resorts of Colorado--Aspen (1945)¹⁴ and Vail (1962)¹⁵--began even later. Meanwhile, many of the older

¹²Frederick Lewis Allen, Only Yesterday (New York: Harper and Row Publishers, 1931), pp. 233-240.

¹³Robert Laxalt, "The Other Nevada," National Geographic, Vol. 145, No. 6 (June, 1974), p. 741.

¹⁴Jill Durrance and Dick Durrance, II, "A Town . . . A Mountain . . . A Way of Life," National Geographic, Vol. 144, No. 6 (December, 1973), p. 791.

¹⁵Edward J. Linehan, "The Rockies' Pot of Gold; Colorado," National Geographic, Vol 136, No. 2 (August, 1969), p. 188.

resorts like Miami have regained the momentum they lost in the late 1920's.

The processes occurring in Gatlinburg are important nationally to the extent that they typify the processes occurring in resorts elsewhere. Trends such as the establishment of large nationally promoted enterprises evident in Gatlinburg's economic growth since 1960 appear to be representative of those occurring in resorts throughout the United States. Conclusions drawn from this example are expected to have broad applicability. If economic and social impacts have been great in Gatlinburg, they may be even greater in expanding recreational developments without strong traditions of tourism and local entrepreneurship.

In fact, most of the processes in Gatlinburg's growth probably are similar to those at work in the growth and development of any urban place whatever its major economic activity. The urbanization of multi-function cities, for example, usually involves larger and larger corporate enterprises. Other processes such as land sales and subdividing activity are apparent to varying degrees in all cities regardless of their primary functions. The evolution of economic participation in Gatlinburg may be representative of trends taking place in urbanizing areas throughout the United States.

V. PROCEDURES

An historical approach is used to analyze the growth of an expanding resort and the evolution of indigenous versus exogenous participation in its economy. Its purposes require evidence of rapid

growth, and this has been documented through sequential counts of population, visitors, buildings, businesses, and gross business receipts for various representative years from 1930 to 1973. Relevant data available from published sources such as the United States Census of Population and Housing and Tennessee County Highway Maps, as well as newly-collected figures from city tax records and telephone listings were compiled. Data regarding economic participation were obtained from primary sources in Gatlinburg, Pigeon Forge, or the county seat, Sevierville, even if secondary sources were available. The data collection has involved extensive field trips over a period of approximately 18 months.

Information on land ownership and land parcelization was obtained directly from records of the Sevier County Tax Assessor's Office and Register of Deeds Office. The materials list each transaction and parcel of ownership separately. Compilation of basic data required examination of more than 9,000 items for recent years.

Information regarding business ownership has been collected by interviews with the Gatlinburg Tax Assessor and other informed persons in the area. All motel owners were contacted in person or by phone, and a 10 per cent sample of all business owners was interviewed to determine the residency of owners and their attitudes regarding the economic and social impact of growth in the most recent decade. Land use data were obtained primarily from Agricultural Stabilization and Conservation Service (A.S.C.S.) records, telephone listings, and field investigation.

CHAPTER II

MEASURING THE GROWTH OF GATLINBURG

From all appearances the growth of Gatlinburg has been substantial in recent years. Infrequent visitors often express surprise at the change which has taken place in their absence, and many local residents feel that growth has accelerated in the last five or ten years. Because this study is concerned with the impacts of economic growth, it would be useful to know the approximate rate and whether or not significant accelerations or decelerations have occurred during the period under study. This chapter will examine the tangible growth of Gatlinburg and its surrounding area with a particular emphasis on commercial and residential development.

The problems of measuring growth in a resort city involve the selection of indicators truly representative of the entire urban system. Population is considered a fundamental measure of city size and a means of assessing growth, but the population of a resort city is difficult to assess because its non-resident population is subject to daily and seasonal fluctuations. Year-round populations reveal little about the infrastructures or economic growth rates of such cities except, perhaps, as partially representative of management and labor forces required to run the tourist businesses.

The number of visitors is a useful measure of tourism, but an accurate count is not available for most resorts. The City of Gatlinburg does not count its guests, but visitations through the Gatlinburg

entrance are recorded by the National Park Service.

Second-home dwellers in and around a resort city normally are not included in census estimates of population. Also, they are underestimated by park visitation counts because second-home residents probably spend proportionally more time in the area than most other park visitors. Building growth is indicative of increases in the number of second homes as well as other types of structures.

Changes in the number of businesses and the magnitude of business revenues are the most direct measures of economic growth. These are more useful than employment or building growth in service-oriented resort industries many of which require few year-round employees and little infrastructure.

Though no single indicator fully represents the growth of Gatlinburg, the measures of population, visitors, buildings, businesses, and gross business receipts should give a fairly comprehensive impression of increases in the economic base from 1930 to 1973.

I. HISTORICAL BACKGROUND

In 1911 Gatlinburg was described as a "hamlet scattered along the Little Pigeon River for half a mile." At that time "the Burg," as it was called, contained about twenty buildings. Its lumber industry was declining, but a few tourists were arriving from East Tennessee. In 1916, Andrew Huff, who had started by boarding workers in his home, built Gatlinburg's first small hotel.¹

¹Jeanette S. Greve, The Story of Gatlinburg (Strasburg, Va.: Shenandoah Publishing House, Inc., 1931), p. 107.

A surge of national interest in Appalachian poverty led the Pi Beta Phi Sorority to establish a school in Gatlinburg in 1912. Four years later Caroline McKnight Hughes, a member of the Settlement School Committee, suggested that the school help revive the folk crafts of the community. An Arts and Crafts Department was established and its products were sold by the sorority's chapters throughout the United States and Canada to help finance the operation of the school.² Thus, the sorority spread Gatlinburg's name while the school revived handicrafts which were particularly important to the later popularity of the community.

By 1930 Gatlinburg had grown into a village of approximately 75 year-round residents. Tourism had grown in importance, and the establishment of the Great Smoky Mountains National Park (1926-1930) and a transmountain highway (1931) with Gatlinburg as its northern terminus assured a steady flow of tourists.

II. POPULATION GROWTH

The decade from 1930 to 1940, a period of remarkable population growth, gave Gatlinburg an early lead over neighboring Pigeon Forge. Most of the increase from 75 to 1300 inhabitants was the result of forced migration out of the new park, and fewer than 100 people moved to Gatlinburg from outside the county during this decade (Table 1).³

²Ibid., p. 111.

³W. O. Whittle, Movement of Population From the Smoky Mountains Area (unpublished manuscript, University of Tennessee, Agricultural Experiment Station, 1934).

TABLE 1. Population of the Little Pigeon District, 1930-1970.

Division	1930	1940	1950	1960	1970
Gatlinburg	75	1300	1301	1764	2329
Western	1787	709	1219	1248 ^a	1317 ^a
Eastern	870	817	665	2401 ^a	2442 ^a
Pigeon Forge				917	1361
Northern ^c	3427 ^b	3788 ^b	4428 ^b	2833 ^a	4022 ^a

SOURCE: United States Department of Commerce, Bureau of the Census, Census of Population and Housing, 1930-1970 (Washington, D. C.: Government Printing Office, various dates).

^aCounty Census Division boundaries.

^bIncludes Pigeon Forge.

^cIncludes entire Fifth Civil District except City of Sevierville.

If population were the only available measure of city size, one would conclude that Gatlinburg's growth peaked in the 1930's and, after the stagnation of the 1940's, proceeded at a rate of about 3 per cent per year. It is even now too small to be classified as an urban place according to the U. S. Census definition. This is counter to the impression of a bustling resort city which one experiences upon visiting Gatlinburg and viewing its tourist activity. Certainly the number and variety of businesses and the crowds of tourists are indicative of a larger urban place.

III. VISITATION GROWTH

Annual visitation is a useful measure of resort development because tourists are a primary source of resort incomes. The continued presence of large numbers of visitors requires an urban service structure much larger than the enumerated population of Gatlinburg would suggest. Most of the visits are concentrated in four months--June, July, August, and October--and peak demands require facilities not fully utilized during the off seasons. Visitation growth is indicative of increases in potential income as well as enlargement of the resort infrastructure.

Because Gatlinburg does not count its guests, estimates of its visitation are based upon Great Smoky Mountains National Park visitation. The city is assumed to get all visitors who pass through the Gatlinburg entrance. However, this could differ from the number actually visiting Gatlinburg because some park visitors use the by-pass

road and because an unknown number of tourists may visit the town without entering the park.

Figure 2 indicates that the number of tourists increased rapidly in the first decade of the park's operation but declined dramatically during the gas-rationing period of World War II. A quick recovery began in 1944, and the growth trend has continued over the next 30 years.

The growth does not have exponential characteristics, but it has been rapid enough to produce enormous absolute increases in the last two decades. Gatlinburg reached a million visitors per annum in 1952, two million in 1961, and three million in 1972. The physical accommodations for such large numbers of people required a massive building program and encouraged other forms of economic growth.

The rate of growth has decreased somewhat since 1960, and three of the last five years have shown absolute declines in visitation. The trend may be only temporary, but there is concern among some local businessmen that these declines may mark the end of Gatlinburg's "boom."

Presumably Pigeon Forge's potential visitation is similar to that of Gatlinburg since the major route to the park passes through both cities (Figure 1, page 7). Only tourists entering or leaving on Highway 73 East are able to visit Gatlinburg and the park without passing through Pigeon Forge. In addition it is possible for other park visitors to by-pass Gatlinburg but not Pigeon Forge. The number stopping in Gatlinburg is likely to be several times greater than that for Pigeon Forge.

**VISITATION THROUGH THE GATLINBURG ENTRANCE,
GREAT SMOKY MOUNTAINS NATIONAL PARK, 1931 - 1973**

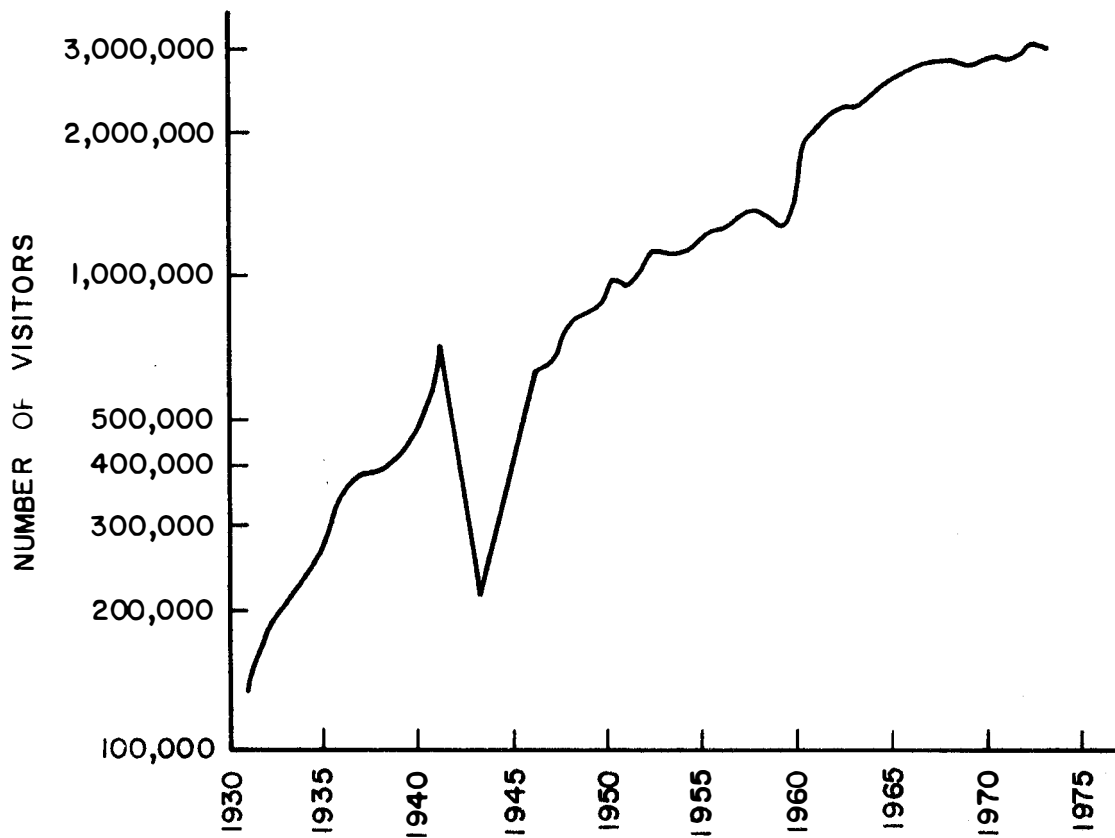


FIGURE 2. Visitation through the Gatlinburg entrance, Great Smoky Mountains National Park, 1931-1973.

SOURCE: National Park Service.

IV. BUILDING GROWTH

The number of buildings in Gatlinburg increased from 641 in 1942 to 1114 in 1956 (Table 2); comparable data are not available for later years. Table 3 indicates that approximately 2000 building permits were issued between 1956 and 1973. The permits include renovation and moving as well as new construction. An estimate based on the type of permits issued in 1973 indicates that approximately half of all building permits are for new buildings and less than 1 per cent are for demolition of existing buildings. Thus the number of buildings in 1973 is probably about 2000.

The number of buildings in Pigeon Forge has grown at a rate almost double that of Gatlinburg since 1940. The number of buildings increased to 821 by 1970, six times the number in 1940. In spite of such rapid rates the total is less than half that of Gatlinburg in 1970.

The number of buildings increased considerably in the rural districts though not as rapidly as in Gatlinburg and Pigeon Forge. By 1968 the total number of buildings outside city limits was almost triple that of 1939. The last decade brought accelerated growth, and the number of new buildings constructed in the six-year period from 1962 to 1968 was almost equal to that of the 23-year span from 1939 to 1962.

Increases in the number of buildings have been great throughout the Little Pigeon District in the last decade as approximately 1300 additional buildings were constructed. Such growth is evidence of a commercial response to tremendous increases in visitation and of

TABLE 2. Number of Buildings by Division, 1939-1973.

City or Division	1939 ^a	1940 ^b	1942 ^b	1956 ^b	1962 ^a	1968 ^a	1970 ^b	1973 ^c
Gatlinburg			641	1114				2000
Pigeon Forge		135		336			821	
Eastern	64				184	353		
Western	109				140	162		
Northern	<u>143</u>				<u>300</u>	<u>388</u>		
All Rural	316				624	903		

^aTennessee County Highway Maps.

^bTennessee Valley Authority 7.5 Minute (Topographic) Series.

^cEstimated from building permits issued by the City of Gatlinburg (see Table 3, page 20).

TABLE 3. Building Permits Issued by the City of Gatlinburg, 1956-1973.

Year	Number Issued	Year	Number Issued
1956	100	1965	133
1957	74	1966	108
1958	97	1967	119
1959	No Record	1968	129
1960	88	1969	133
1961	91	1970	158
1962	83	1971	181
1963	93	1972	184
1964	133	1973	190

SOURCE: Compiled by Clarence Walker, Assistant City Manager, Gatlinburg, Tennessee.

a rising demand for primary and second homes.

V. BUSINESS GROWTH

Tourists visiting Gatlinburg in 1930 could stay in one of the two large hotels and choose between four restaurants. There were four craft shops. Since that time the number of businesses has grown at an exponential rate, doubling about every nine years (Table 4). Absolute increases have been large in recent years; 244 businesses have been added since 1963 alone.

In 1963 Pigeon Forge had only one-sixth as many businesses as Gatlinburg, but by 1973 it had more than one-fourth as many. Its growth rate, therefore, was greater than Gatlinburg's but in absolute terms Pigeon Forge added 103 businesses while Gatlinburg gained 244.

In the rural areas the number of businesses is small. The 41 businesses in 1947, however, represent an increase of 27 over the number in 1962. Here again, the magnitude of recent growth is in evidence.

VI. GROWTH OF BUSINESSES BY TYPE

According to Table 5, motels accounted for more than one-fourth of the 512 businesses in Gatlinburg in 1973. They increased rapidly throughout the period under study, comprising 38 per cent of all businesses added between 1930 and 1963 and 18 per cent of those added in the most recent decade. Furthermore, the average size has increased from 30.9 units per motel in 1968 to 38.5 in 1973. Thus motels have accounted for a greater portion of total business construction than the number of motels would indicate.

TABLE 4. Number of Businesses in the Little Pigeon District by Division, 1930-1973.

City or Division	1930 ^a	1939 ^b	1940 ^c	1962 ^b	1963 ^d	1968 ^b	1973 ^d
Gatlinburg	17		40		268		512
Pigeon Forge					44		147
Eastern		3		8		25	
Western		2		3		6	
Northern		<u>7</u>		<u>3</u>		<u>10</u>	
All Rural		12		14		41	

^aJeanette S. Greve, The Story of Gatlinburg (Strasburg, Va.: Shenandoah Publishing House, Inc., 1931).

^bTennessee County Highway Maps.

^cErnie Pyle, Gatlinburg and the Great Smokies (Gatlinburg: The Mountain Press, 1951).

^dGatlinburg Telephone Directory, July, 1963 and August, 1973.

TABLE 5. Businesses in Gatlinburg by Type, 1930-1973.

Type of Business (Rank Order in 1973)	Number in		
	1930 ^a	1963 ^b	1973 ^b
Motel or Hotel	2	97	140
Gift Shop		16	68
Restaurant	3	29	49
Arts and Crafts	6	15	39
Construction		13	29
Specialty Foods		8	26
Maintenance and Cleaning		11	20
Real Estate		4	19
Apparel		2	18
Automotive	2	20	18
Amusement		15	17
Grocery	1	11	13
Beauty Aids or Barber Shop	1	3	10
Communications or Printing		5	10
Transportation	1	6	10
Sporting Goods		2	6
Hardware	1	2	6
Drug Store		3	4
Insurance		4	3
Bank		1	3
Travel Trailer Park		1	2
Fuel Supply			1
Day Care Center			1
Total	17	268	512

^aJeanette S. Greve, The Story of Gatlinburg (Strasburg, Va.: Shenandoah Publishing House, Inc., 1931).

^bGatlinburg Telephone Directory, July, 1963 and August, 1973.

Gift shops increased more rapidly than any other type of business during the most recent decade and accounted for 21 per cent of all additional businesses. By 1973 they had grown to 13 per cent of all businesses.

The variety of business types in Gatlinburg was established essentially by 1963. Only two new types of businesses were added in the following decade, and one of these, a day care center, was defunct by November, 1973.

In contrast to Gatlinburg, the variety of businesses in Pigeon Forge increased considerably during the 1960's (Table 6). Eight new types of businesses were established. Significantly the list of new business types is headed by real estate agencies, which increased to nine establishments during the decade; land sales may be symptomatic of the type of rapid development occurring there.

VII. GROWTH OF GROSS BUSINESS RECEIPTS

Gatlinburg's current gross business receipts are much greater than its population size would suggest (Table 7). In Tennessee, comparable receipts are found only in cities of five to six times Gatlinburg's population. The contrast is even more striking when Gatlinburg is compared with other cities of similar population; its receipts are seven to twenty-one times those of most other cities with populations ranging from 2239 to 2439.

Receipts have grown at an exponential rate, and absolute increments are indeed impressive. In 1956 gross receipts were only \$6.5 million; ten years later they were \$19.6 million; and in another

TABLE 6. Businesses in Pigeon Forge by Type, 1963-1973.

Type of Business (Rank Order in 1973)	Number in	
	1963	1973
Motel or Hotel	9	35
Restaurant	6	17
Construction	6	14
Automotive	6	13
Real Estate		9
Amusement	7	9
Gift Shop	2	7
Travel Trailer Park		7
Arts and Crafts	1	6
Beauty Aids or Barber Shop	2	4
Hardware	1	4
Communications or Printing		4
Maintenance and Cleaning	1	4
Bank		3
Drug Store		2
Sporting Goods	1	2
Apparel		2
Groceries	2	2
Insurance		2
Fuel Supply	—	<u>1</u>
Total	44	147

SOURCE: Gatlinburg Telephone Directory, July, 1963, and August, 1973.

TABLE 7. Population and Gross Business Receipts of Selected Tennessee Cities, Fiscal 1973.

City	Population July 1, 1973	Gross Annual Business Receipts
(Ranked by Gross Annual Business Receipts)		
Shelbyville	12,728	45,900,800
Elizabethton	12,269	43,678,332
GATLINBURG	2,329	43,140,466
Union City	11,925	42,773,799
Gallatin	13,380	42,715,599
Maryville	15,405	40,543,266
(Ranked by Population)		
SEVIERVILLE	3,055	21,474,133
Tiptonville	2,424	4,321,100
Monterey	2,351	3,003,267
GATLINBURG	2,329	43,140,466
Halls	2,323	4,246,200
Lakewood	2,282	52,467
Greenbrier	2,279	2,019,800
Hartsville	2,243	6,085,400
Jellico	2,235	6,239,733
Tracy City	1,388	4,090,000
PIGEON FORGE	1,386	11,820,733
Rutherford	1,385	2,663,500
Loretto	1,375	3,621,800
Celina	1,370	3,428,600

SOURCE: Tennessee Department of Revenue, Tennessee Sales and Use Tax Collections, Report No. 1.

seven years they had leaped to \$49.8 million. Inflation was responsible for a large portion of the increase, but the receipts are still impressive when converted to constant 1956 dollars (Table 8).

Pigeon Forge likewise has shown substantial increments of gross receipts in recent years. Table 9 shows an increase from \$1.4 million in calendar 1969 to \$6 million in 1973 according to records released by the City of Pigeon Forge. A significantly higher figure of \$11.8 million for fiscal 1973 is given by the State of Tennessee, Department of Revenue (Table 7). The discrepancy cannot be explained by the difference between the calendar and fiscal year because the state's figure is greater than the sum of receipts for calendar 1972 and 1973 reported by the city. Because the state's figure is 27 per cent as great as Gatlinburg's receipts, and Pigeon Forge has 28 per cent as many businesses as Gatlinburg, the state's figure appears more nearly correct. If \$11.8 million is accepted as the true income, Pigeon Forge's current receipts are three to four times those of cities with comparable populations.

VIII. THE GROWTH OF GATLINBURG AND THE LAW OF PROPORTIONATE EFFECT

A comparison of gross business receipts and park visitation in Table 8 shows that revenues apparently follow the overall upward trend of visitation growth but are relatively unaffected by short-term fluctuations. Gross receipts have increased each year in Gatlinburg and Pigeon Forge even when there were decreases in annual visitation. For example, total visitations declined by approximately 100,000 in

TABLE 8. Gross Annual Business Receipts in Gatlinburg and Annual Visits Through the Gatlinburg Entrance to the Great Smoky Mountains National Park, 1931-1973.

Year	Annual Visits ^a	Gross Annual Receipts ^b	Gross Annual Receipts in Constant 1956 Dollars ^b
1931	123,200		
1932	180,000		
1933	206,250		
1934	231,000		
1935	275,000		
1936	351,615		
1937	385,440		
1938	388,575		
1939	425,205		
1940	481,305		
1941	720,555		
1942	400,785		
1943	210,705		
1944	294,030		
1945	412,885		
1946	636,845		
1947	667,700		
1948	808,335		
1949	831,384		
1950	977,108		
1951	945,319		
1952	1,133,185		
1953	1,102,892	No Record	
1954	1,114,363		
1955	1,239,120		
1956	1,269,752	\$ 6,496,040	\$ 6,496,040
1957	1,383,539	7,071,417	6,828,153
1958	1,362,627	7,195,991	6,763,899
1959	1,264,920	8,493,753	7,919,719
1960	1,902,012	9,198,999	8,441,922
1961	2,078,400	9,465,008	8,598,790
1962	2,276,800	11,137,489	10,006,529
1963	2,284,400	12,375,262	10,985,237

TABLE 8. (Continued)

Year	Annual Visits ^a	Gross Annual Receipts ^b	Gross Annual Receipts in Constant 1956 Dollars ^b
1964	2,433,900	14,693,504	12,874,608
1965	2,616,400	16,947,552	14,598,207
1966	2,758,900	19,606,895	16,419,764
1967	2,850,500	20,257,504	16,489,608
1968	2,855,900	25,101,592	19,608,878
1969	2,793,300	28,426,300	21,073,777
1970	2,922,900	34,013,942	23,806,834
1971	2,897,900	38,622,115	25,917,887
1972	3,123,300	44,130,724	28,669,118
1973	3,017,200	49,815,804	30,465,861

^aNational Park Service.

^bGatlinburg gross business receipts tax records.

TABLE 9. Gross Business Receipts in Pigeon Forge, 1969-1973.

Year	Gross Annual Receipts	Gross Annual Receipts in Constant 1956 Dollars
1969	\$ 1,427,778	\$ 1,058,480
1970	1,650,745	1,155,380
1971	2,085,690	1,399,630
1972	5,479,775	3,559,885
1973	6,001,930	3,670,602

SOURCE: Pigeon Forge gross business receipts tax records.

1959 while Gatlinburg's gross receipts increased by \$1.3 million. Since 1968 revenues have grown by at least \$4 million each year in spite of significant declines in visitation in three alternating years. This is explained by the exponential nature of revenue growth as compared to arithmetic growth of park visitation (Figure 3). The relationship between the two variables is curvilinear even when graphed on semi-log paper. Average sales per park visitor have increased so rapidly that only a major decline in visitation could produce a noticeable drop of gross receipts.

King has noted that lognormal distributions of this type are typically associated with growth phenomena. In discussing the lognormal probability law, Aitchison and Brown (1957) and earlier workers such as Kapteyn (1903) and Gibrat (1931) suggested that it would be generated by the "law of proportionate effect" which Steindl has stated as follows:

In a process of growth, equal proportionate increments have the same chance of occurring in a given time interval whatever size happens to have been reached. In other words, growth in proportion to size is a random variable with a given distribution which is considered constant in time.⁴

Gatlinburg's early growth (1930-1967) was essentially a function of park visitation, and this may have been partially true as late as 1967. After 1967, however, the city appears to have grown quite independently from the park as indicated by the sudden growth of average receipts (in constant 1956 dollars) per park visitor (Table 8, page 28) and by an upturn of the scattergram (Figure 3).

⁴Leslie J. King, Statistical Analysis in Geography (Englewood Cliffs: Prentice-Hall, Inc., 1969), pp. 53-55.

**SCATTERGRAM OF GATLINBURG'S GROSS BUSINESS
RECEIPTS (LOGARITHMIC) AND PARK VISITATION,
1956 - 1973**

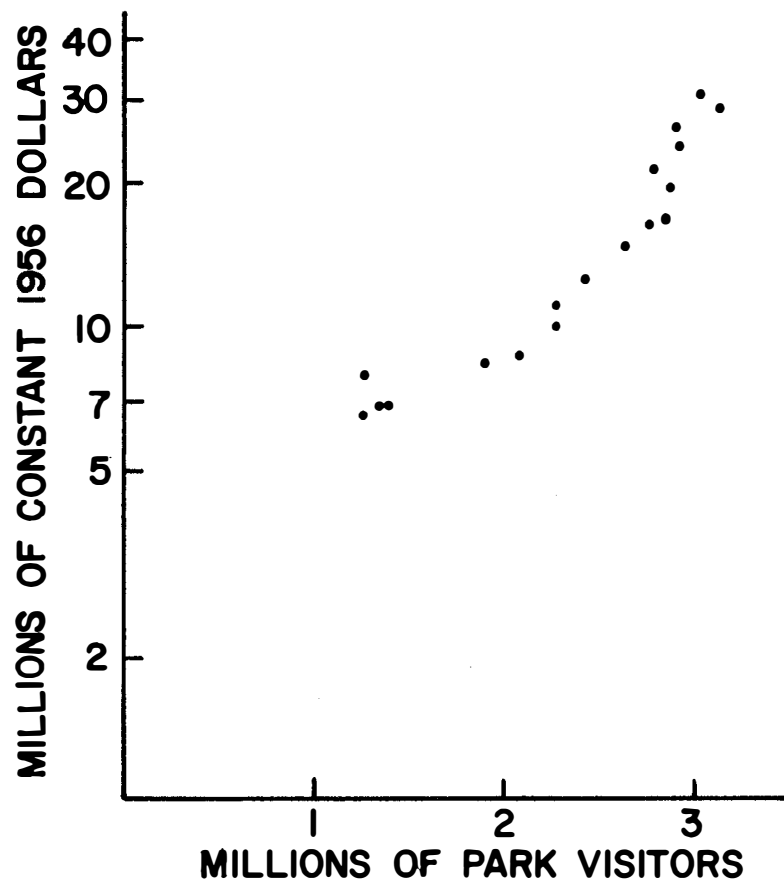


FIGURE 3. Scattergram of Gatlinburg's gross business receipts (logarithmic) and visitation through the Gatlinburg entrance, Great Smoky Mountains National Park, 1956-1973.

SOURCE: National Park Service and Gatlinburg gross business receipts tax records.

The sudden growth of average sales per park visitor could be explained simply by an increase in the amount of money spent by each visitor to the city, but this seems unlikely because it would have required almost a doubling of expenditures per person in six years. Thus city visitation probably increased considerably while park visitation declined or rose slightly each year.

Moreover, it seems improbable that Gatlinburg is attracting a larger share of park visitors because the by-pass road constructed in 1968 and the recent popularity of camping facilities in the park would seem to decrease the portion of park visitors stopping in the city. Gatlinburg must have become a destination for many tourists who do not show up in the park figures and, therefore, a tourist attraction in its own right. The law of proportionate effect is probably at work in the growth of park visitation and in the growth of Gatlinburg, but the emergence of Gatlinburg as a tourist destination has separated their courses except to the extent that both are still tied to trends in regional tourism.

IX. RANDOM FACTORS IN THE GROWTH OF GATLINBURG

The forces affecting Gatlinburg's growth after 1967 were not the same as those affecting park visitation because proportionate increases were of entirely different magnitudes. Berry has argued that "a lognormal distribution is a condition of entropy, defined as a circumstance in which the forces affecting the distribution are many

and act randomly."⁵ If this concept is applied to the preceding data, the number of random factors affecting Gatlinburg's growth must have increased considerably during the study period.

What are these random factors in Gatlinburg's growth? No doubt park visitation remains an important variable, and the additional factors probably consist of facilities and attractions which have increased as the city has grown. Table 10 lists some of the most conspicuous tourist facilities in Gatlinburg in chronological order according to the date at which they were first established. The basic infrastructures necessary for access and accommodations were completed by 1940, and convention facilities were completed in 1956. Since 1957 most of the additional facilities have served to increase the attraction of Gatlinburg for a broader spectrum of tourists. For example, the Space Needle would seem to attract a group of tourists quite dissimilar from the nature buffs who comprise a large portion of park visitors. There is considerable variety among the new facilities which cater to a range of interests from sports, such as golf and skiing, to theater to television. The appeal of Gatlinburg has changed considerably from its initial image as a quiet village near the park and has diversified to attract many tourists who may have little or no interest in the park.

Table 11 indicates the increasing diversity of events and activities scheduled on a more or less continuous basis in Gatlinburg. The cumulative growth of attractions, ranging from the traditional

⁵Brian J. L. Berry and Frank E. Horton, Geographic Perspectives on Urban Systems (Englewood Cliffs: Prentice-Hall, Inc., 1970), p. 73.

TABLE 10. Selected Innovative Resort Facilities in Gatlinburg by Date of Construction.

Type of Facility	Date First Established or Constructed
Permanent Settlement	c.1790
First Hotel	1916
Great Smoky Mountains National Park	1926-1930
Transmountain Highway	1931
Initial Resort Infrastructure	1930-1940
Convention Center (Auditorium)	1956
Gatlinburg Country Club	1957
Sky Lift	1958
Ski Lodge	1961
Hunter Hills (Chucky Jack) Theater	1961
First Chain Motel	1962
Space Needle	1968
Cable Television	1969
First Movie Theater	1972
Aerial Tramway to Ski Lodge	1973
First Convention Hotel	1973

SOURCE: Gatlinburg Chamber of Commerce, Gatlinburg City Directory, and interview with Zeno Wall, former director, Chamber of Commerce.

TABLE 11. Tourist Attractions and Recurring Tourist Events by Date of First Occurrence in Gatlinburg.

Attraction or Event	Date of First Occurrence
Aesthetic Physical Setting	Cenozoic Era?
Mountain Crafts	c.1790
Mountain Crafts Revived	1912
Spring Wildflower Pilgrimage	1948
Craftsman's Fair	1952
Bridge Tournament	1958
Craft Workshop	1962
Mid-South Street Rod Roundup	1962
Chapman Antique Show	1962
Gatlinburg Hoedown	1965
Arts and Crafts Fair	1966
Morton's Antique Show	1966
Allen Tipton Square Dance	1971
Mountain Cloggers Square Dance	1972
Great Smoky Mountain Festival Square Dance	1972

SOURCE: Gatlinburg Chamber of Commerce, Gatlinburg City Directory, and interview with Zeno Wall, former director, Chamber of Commerce.

mountain crafts to antique cars, serves a broad spectrum of interests. The number of attractions and facilities has doubled since 1960 and has greatly increased random factors affecting the city's growth.

A third set of factors involves the growing number of conventions. A total of 121 conventions, seminars, and sales meetings were held in Gatlinburg in 1960 and 147 in 1968. By 1974 the number had leaped to 384.⁶ The growth is cumulative to a large extent because many organizations tend to return annually on a more or less continuous basis once they have held a convention in Gatlinburg (Table 12). Numerous organizations have used Gatlinburg's facilities annually for 15 to 20 years.

The convention trade is a major element of Gatlinburg's recent growth. The largest conventions involve as many as 1400 overnight guests, and smaller meetings usually bring 300 to 400 guests, for a fairly standard duration of 2.5 to 3 days. The American Hotel and Motel Association estimates that the national average daily expenditure per convention guest is approximately \$40.⁷ Thus a sizable portion of Gatlinburg's gross business receipts can be attributed to the convention trade.

The areal expansion of Gatlinburg's clientele source region may have played an equally important role in the resort's independent growth. Table 13 shows that organized local promotion began with

⁶Zeno Wall, former Director, Gatlinburg Chamber of Commerce, telephone interview, January, 1975.

⁷Ibid.

TABLE 12. Number of Guests Attending Selected Recurring Conventions, Sales Meetings, and Seminars in Gatlinburg.

Selected Recurring Conventions	Date First Held in Gatlinburg	Approximate Number of Guests in 1974
Tennessee Dental Association	1954	600
Tennessee Bakery Association	1954	400
Tennessee Nurses Association	1954	400
Tennessee Press Association	1954	500
Tennessee Credit Union	1958	1400
Tennessee Bar Association	1958	800
Tennessee Academy of Family Physicians	1958	600
Insurors of Tennessee	1958	500
Tennessee Oilmen's Association	1958	500
Southern Political Science Association	1958	1200
Tennessee Jaycees	1962	1200
Tennessee Department of Public Health	1964	1400
Tennessee Housing Authority	1969	340
Republican Women of Tennessee	1971	500

SOURCE: Zeno Wall, former director, Chamber of Commerce; currently convention manager, Gatlinburg Sheraton Hotel.

TABLE 13. Promotional Activities of the Gatlinburg Chamber of Commerce by Date of First Occurrence.

Promotional Activity	Date of First Occurrence
Chamber of Commerce Established	1945
Recurring Displays at Travel Shows in:	1957
Cincinnati, Ohio	
Indianapolis, Indiana	
Chicago, Illinois	
<u>City Directory</u>	1958
Recurring Displays at Travel Shows in:	1967
Columbus, Ohio	
Kansas City, Missouri	
Memphis, Tennessee	
Philadelphia, Pennsylvania	
Charlotte, North Carolina	
New Orleans, Louisiana	
Miami, Florida	
St. Louis, Missouri	

SOURCE: Gatlinburg Chamber of Commerce and interview with Zeno Wall, former director, Chamber of Commerce.

establishment of the Chamber of Commerce in 1945. In 1957 advertisement was extended to Ohio, Indiana, and Illinois. Ten years later the promotional effort was expanded to include Florida, Louisiana, Missouri, Pennsylvania, Texas, and Ontario.⁸

X. CIRCULAR AND CUMULATIVE CAUSATION

The increasing number of resort facilities, tourist events, and conventions, as well as areal expansion of the clientele source region are growth stimulators which multiply the number of factors at play in Gatlinburg, but they also are rather predictable consequences of resort development. For example, establishment of a convention center became almost a necessity as larger and larger organizational meetings were attracted to Gatlinburg. Its construction in 1956 resulted from a demand for larger and more numerous meeting rooms than local hotels could provide. The convention center then became a stimulator of further growth by enhancing the city's attraction for even larger organizations. As this trade grew, some large conventions were forfeited because of the inability of Gatlinburg to house all of the members in a single hotel. The recent construction of the Sheraton convention hotel may fill this need, and simultaneously it can become a factor of further growth through its promotional activities rivaling those of the Chamber of Commerce.⁹

⁸Ibid.

⁹Ibid.

Similarly the construction of amusement facilities like the Space Needle is premised on a potential market among the throngs of tourists. Their presence, however, becomes a factor of further growth by attracting some new tourists. This condition of growth on growth is necessary to explain the exponential nature of Gatlinburg's growth.

The increased variety of facilities and attractions in Gatlinburg has drawn new tourists and has produced a net growth of tourism. However, it is apparent from interviews that many of the traditional tourists are repelled by some of the new facilities; for example, the Space Needle has become an odious symbol of Gatlinburg's new image to many of those who prefer the former "quiet village near the park." In fact, all of the new facilities and accommodations cause crowding and congestion which are repugnant to many tourists. Thus, while additional construction is necessary to sustain net growth of tourism, it can alienate part of the market. Who can say, for instance, that these repelling forces are not partially responsible for the faltering growth of park visitation since 1968. It seems likely that absolute decline of tourism could result if the former image of Gatlinburg is completely obscured by new development since tourists preferring at least the illusion of a quiet mountain village presumably still comprise a sizable portion of the market. Without its unique culture and natural beauty Gatlinburg would be left with motels and amusements which are anything but unique.

Myrdal,¹⁰ Pred,¹¹ and Thompson¹² have discussed the process, which they call circular and cumulative causation, as a universal aspect of urban growth. They, along with Garner and Yeates,¹³ have pointed out that the process does not necessarily produce an endless chain of growth as its epithet would imply. In fact, once decline has begun, it, too, is compounded by circular and cumulative causation. No satisfactory conceptualization has been proposed to explain the reversals which sometimes cause absolute contraction of small cities (of less than 350,000 population according to Thompson).¹⁴ The Gatlinburg example suggests that one possible explanation is the tendency of some new growth factors to clash with pre-existing factors. Perhaps net growth sometimes hides the loss of an important sector of an urban economy and thereby permits repelling forces to continue to erode its very foundation.

¹⁰Gunnar Myrdal, Rich Lands and Poor (New York: Harper and Brothers, 1957), pp. 11-22.

¹¹Allan R. Pred, Urban Growth and the Circulation of Information: The United States System of Cities, 1790-1840 (Cambridge: Harvard University Press, 1973), p. 192.

¹²Wilbur R. Thompson, A Preface to Urban Economics (Baltimore: The Johns Hopkins Press, 1965), pp. 11-60.

¹³Maurice H. Yeates and Barry J. Garner, The North American City (New York: Harper and Row Publishers, 1971), pp. 48-50.

¹⁴Thompson, op. cit., p. 35.

CHAPTER III

THE AREAL EXPANSION OF GATLINBURG

Areal expansion spreads the impacts of growth to owners and residents of lands peripheral to a city. Later chapters examine these impacts in Gatlinburg, but this chapter assesses the expansion of Gatlinburg's incorporated area, built-up area, and fragmented (small-parcel) area. Wehrwein has recommended that the urban fringe can best be identified in terms of land uses or modifications of land uses;¹ so special attention will be given to urban land uses such as commercial and residential activities.

I. EXPANSION OF THE INCORPORATED AREA

It is evident in Figure 4 that considerable expansion of Gatlinburg's city limits has occurred since its incorporation in 1945. The incorporated area covered approximately 900 acres in 1945, 2000 acres in 1962, and 4400 in 1968. Each successive annexation has extended in all directions except toward the south where the park boundary limits expansion.

Pigeon Forge was incorporated in 1961 with approximately 800 acres. By 1968 its area had grown to more than 1000 acres. Most of the expansion occurred along the axis of Highway 441.

¹George S. Wehrwein, "The Rural-Urban Fringe," Economic Geography, Vol. 18 (July, 1942), pp. 217-228.

INCORPORATED AREAS LITTLE PIGEON DISTRICT

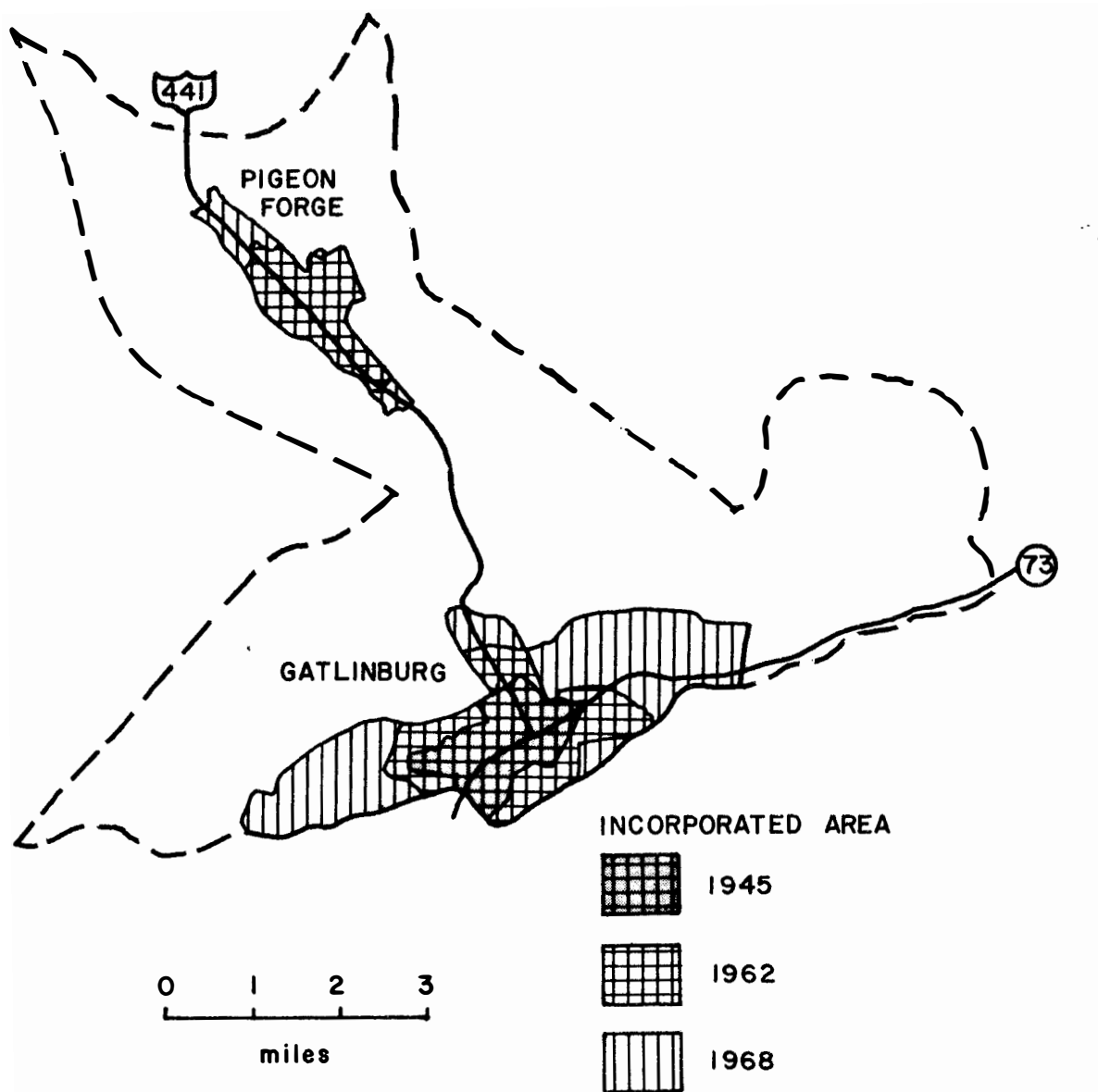


FIGURE 4. Incorporated areas in the Little Pigeon District, 1945-1968.

SOURCE; Tennessee County Highway Maps.

II. EXPANSION OF THE BUILT-UP AREA

The most conspicuous feature of Gatlinburg's urbanization is increased numbers and densities of buildings. A comparison of Figures 5 and 6 shows that by 1942 buildings were scattered throughout the valley bottoms and other level places. The major effect of later construction has been to increase densities by filling open spaces. This process is most obvious along the Parkway and secondary commercial arteries such as Airport Road which was constructed during this period. After 1956 the built-up area advanced somewhat onto higher elevations as improved road-building technology and increased capital investment enabled developers to open formerly inaccessible areas. The overall distributional pattern of the built-up area, however, has changed little; mostly densities have increased in the valley bottoms.

In contrast the growth of Pigeon Forge has been characterized by relatively low building densities and considerable areal expansion (Figure 7). Most of the land in and around Pigeon Forge is level enough for facile construction and has not discouraged expansion. The most salient change in the built-up area has been the increasing density of commercial buildings along Highway 441. The construction of the four-lane highway led to a shift of commercial development from the center of town to a linear strip 3.5 miles along the new road after 1956. By 1970 the built-up area of Pigeon Forge occupied approximately twice as much land as that of Gatlinburg, and densities near its center were comparable to those of Gatlinburg in 1942.

BUILDING DENSITY IN GATLINBURG, 1942 AND 1956

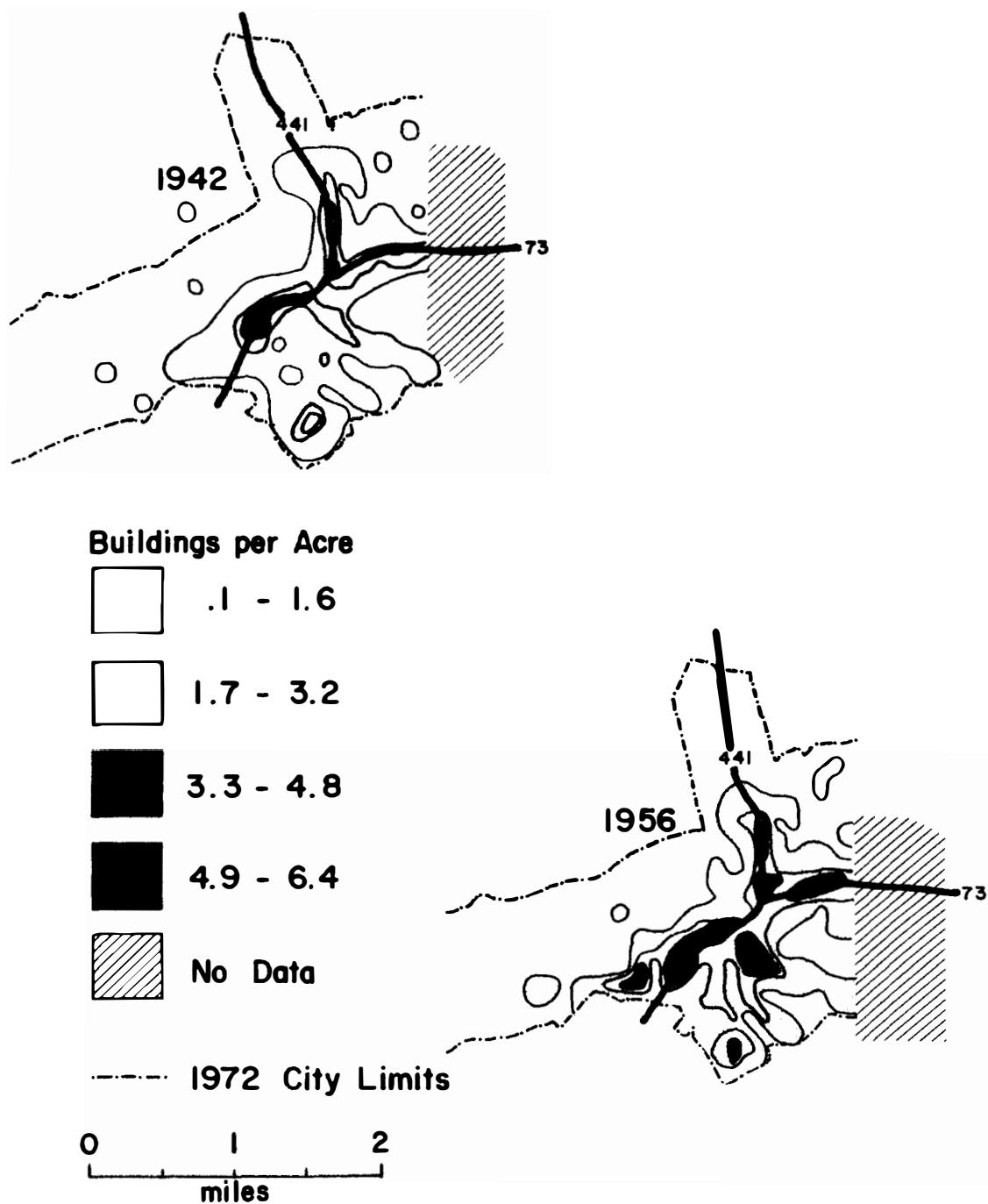


FIGURE 5. Building density in Gatlinburg, 1942 and 1956.

SOURCE: Tennessee Valley Authority 7.5 Minute (Topographic) Series, 1:24,000.

LAND SURFACE LITTLE PIGEON DISTRICT

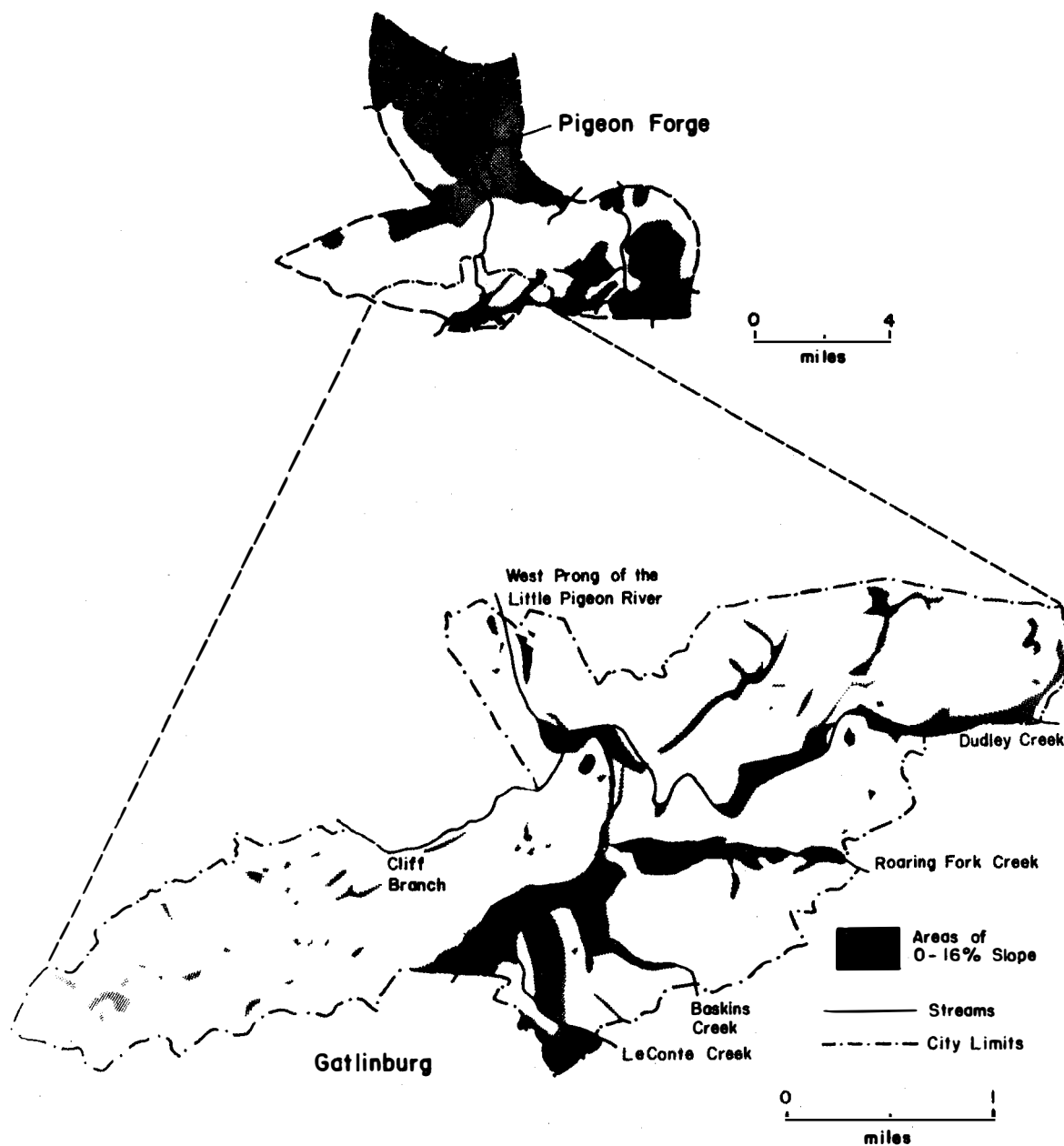


FIGURE 6. The land surface of the Little Pigeon District.

SOURCE: Harland Bartholomew and Associates, Comprehensive Plan for Gatlinburg, Tennessee (Memphis: Harland Bartholomew and Associates, 1971).

BUILDING DENSITY IN PIGEON FORGE 1940, 1956, AND 1970

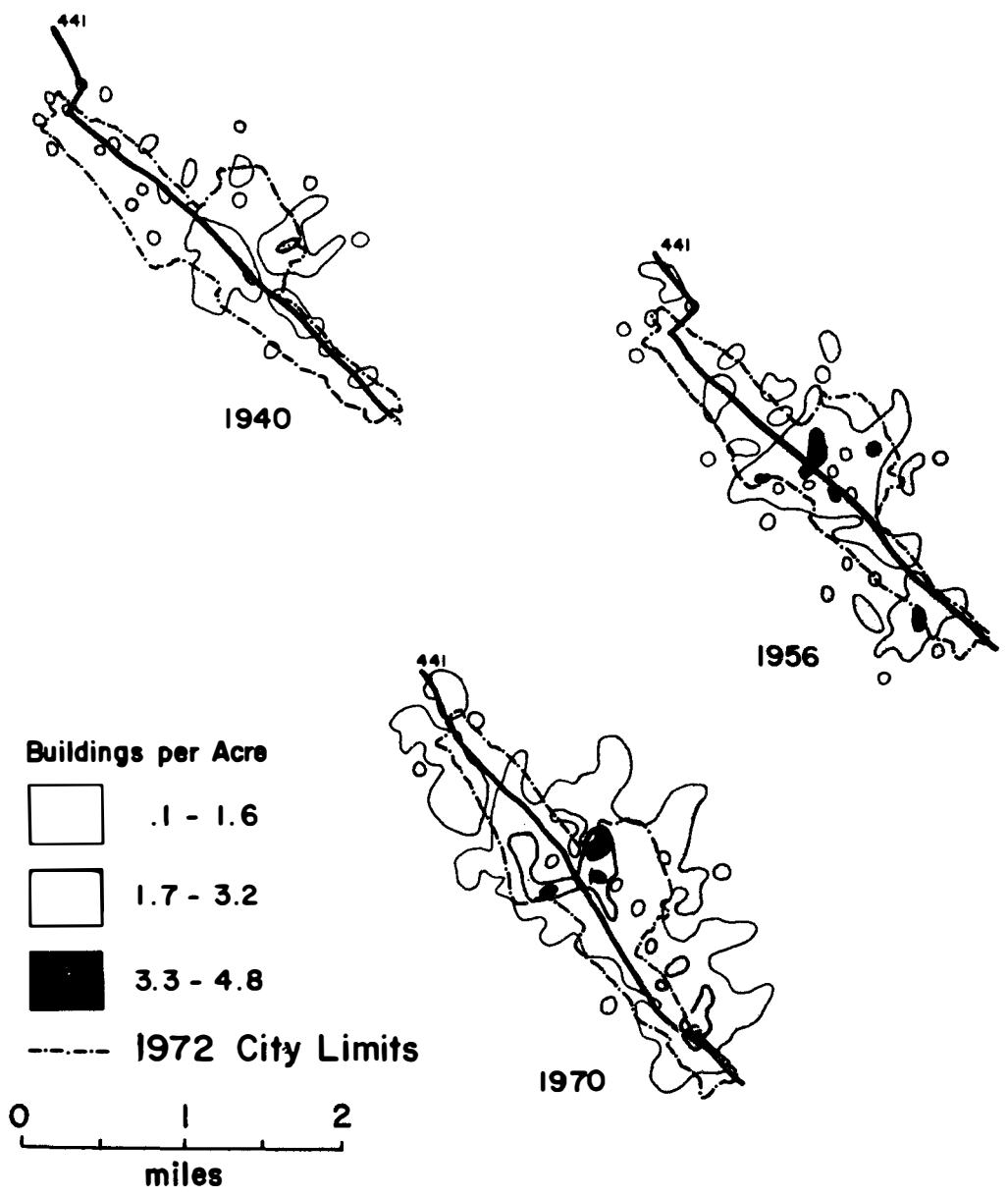


FIGURE 7. Building density in Pigeon Forge, 1940, 1956, and 1970.

SOURCE: Tennessee Valley Authority 7.5 Minute (Topographic) Series, 1:24,000.

III. EXPANSION OF THE FRAGMENTED AREA

Table 14 indicates that the number of land parcels in Gatlinburg and the western division (combined here to neutralize the effect of annexation) grew at an exponential rate from 1930 to 1973. The eastern division experienced a similar trend except for a somewhat decreased growth rate in the most recent decade. Comparable data are not available for the northern division, but there is no reason to suspect greatly dissimilar growth there. Pigeon Forge is in this division, and it is known that the number of parcels within its limits almost doubled between 1962 and 1972.

Parcelization has taken place throughout the Little Pigeon District, but, as expected, the most intense fragmentation has centered on Gatlinburg and Pigeon Forge. It was not possible to map accurately the occurrence of fragmentation within each division prior to 1962, but a review of tax records indicates that from 1930 to 1950 land fragmentation was concentrated in the valley bottoms in or near the site of Gatlinburg. Subdividing in rural areas was minimal. By 1950 the City of Gatlinburg contained 58 per cent of all land parcels in the western division. The subdividing of land has increased progressively since 1950 and in the past decade has extended well beyond the city limits of Gatlinburg and Pigeon Forge. Scattered areas of small land parcels are now dispersed throughout much of the Little Pigeon District (Figure 8).

TABLE 14. Land Parcels in the Little Pigeon District, 1930-1972.

District	Number 1930	Number 1940	Number 1950	Number 1962	Number 1972
Gatlinburg	a	a	603	1132	2367
Pigeon Forge	b	b	b	402	765
Eastern	153	180	230	723	1096
Western	401	530	440	969	2059
Northern	b	b	b	b	2951
Total					9238

SOURCE: Compiled from Sevier County tax records.

^a Combined with western division.

^b Combined with Sevierville.

**SMALL PARCEL AREAS
LITTLE PIGEON DISTRICT
1972**

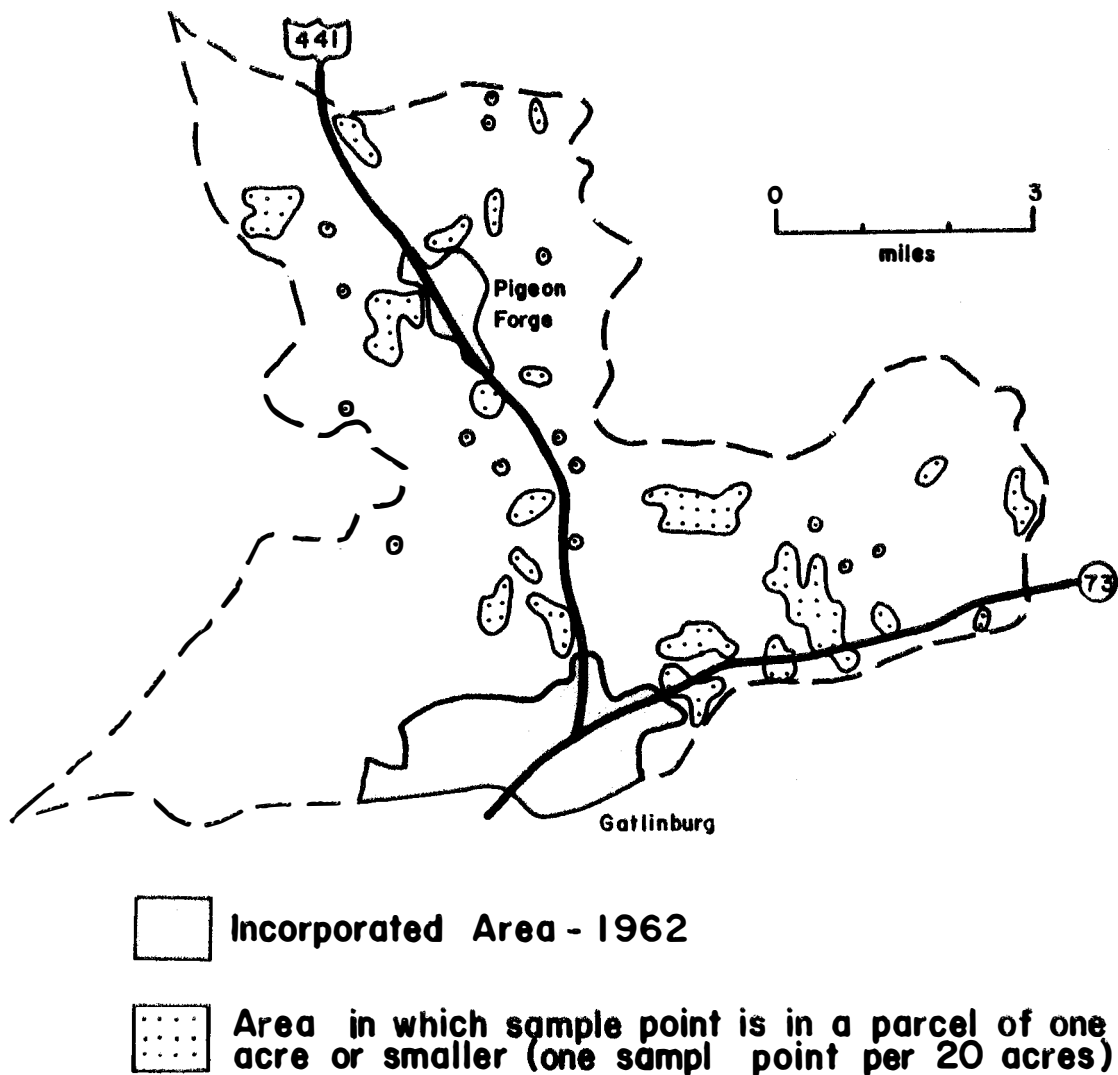


FIGURE 8. Small parcel areas in the Little Pigeon District, 1972.

SOURCE: Compiled from Sevier County tax records.

IV. COMMERCIAL LAND USE AND URBANIZATION

The rapid exponential increase of businesses in Gatlinburg has resulted in high densities along the Parkway and a few other arteries. In 1930 nearly all of the businesses were located on what is now called the Parkway (Figure 9). In 1963 the Parkway was still the location of 52 per cent of all businesses though the total number of establishments had increased from 17 in 1930 to 268 in 1963 (Table 4, page 22). The additional businesses, especially motels, located along Airport, River, Roaring Fork (Highway 73 East), and Baskins Creek Roads (Figure 10). Over the past decade frontage on the Parkway has become more or less fully utilized, and, in fact, nearly three-quarters of the 244 businesses added during this period had to locate elsewhere. Even so, the areal extent remained confined to 440 acres of land in the valley bottom near the Parkway or along Roaring Fork Road. The ski complex west of the city on Ski Mountain Road was the only major new area of commercial land use.

A comparison of this distribution with Gatlinburg's incorporated area, built-up area, and fragmented area reveals that commercial land use has not been a significant aspect of areal expansion. The commercial area and built-up area both are concentrated in the valley bottoms and neither has expanded very much since about 1940. In both cases growth has been evident mostly as increases of densities near the center of Gatlinburg and along major arteries.

The incorporated area and fragmented area extend far beyond the distribution of commercial land use. Logically one might expect

BUSINESSES IN PIGEON FORGE AND GATLINBURG BY LAND PARCEL SIZE 1930 - 1973

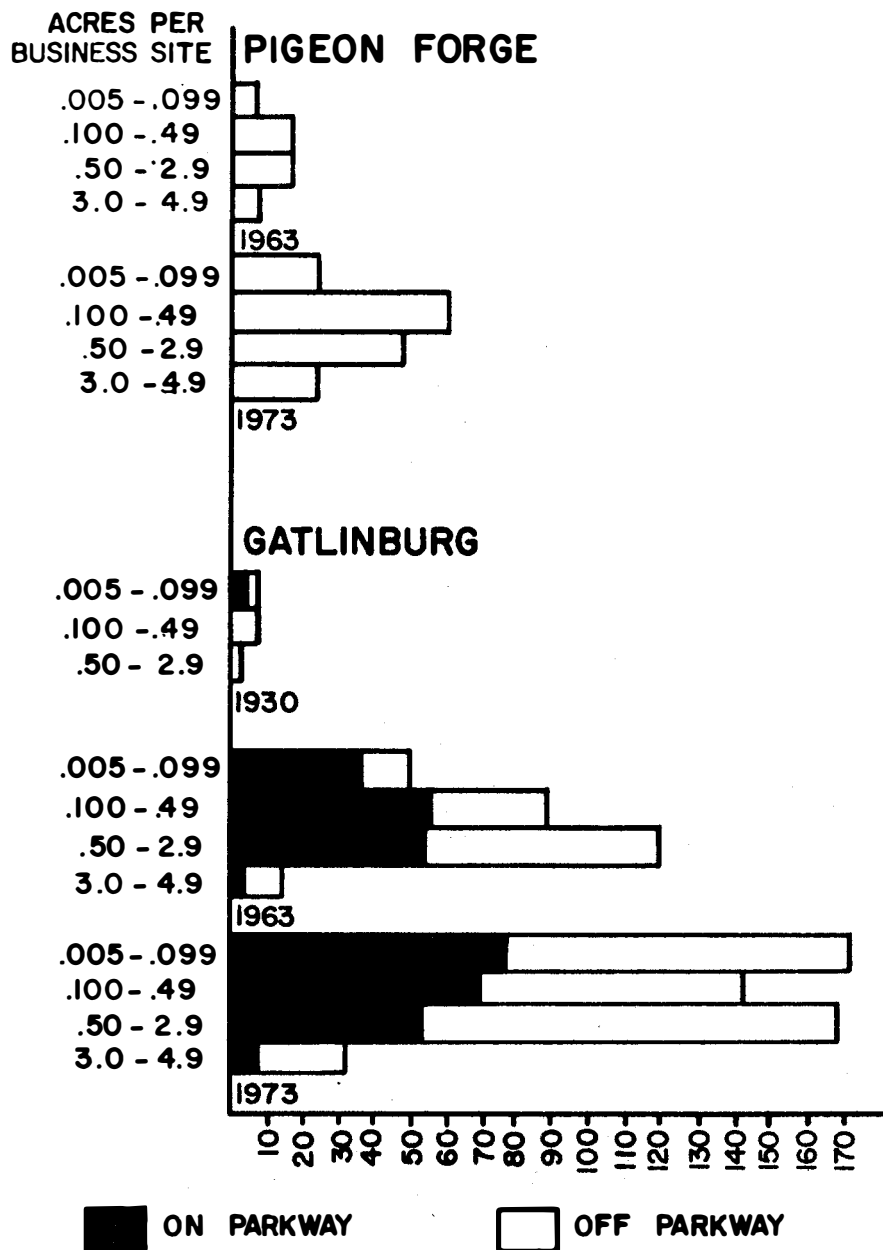


FIGURE 9. Businesses in Pigeon Forge and Gatlinburg by land parcel size, 1930-1973.

SOURCE: Compiled from telephone listings and measurements of representative business establishments in Gatlinburg and Pigeon Forge; 1930 data: Jeanette S. Greve, The Story of Gatlinburg (Strasburg, Va.: Shenandoah Publishing House, Inc., 1931).

COMMERCIAL AND RESIDENTIAL
LAND USE
GATLINBURG
1969

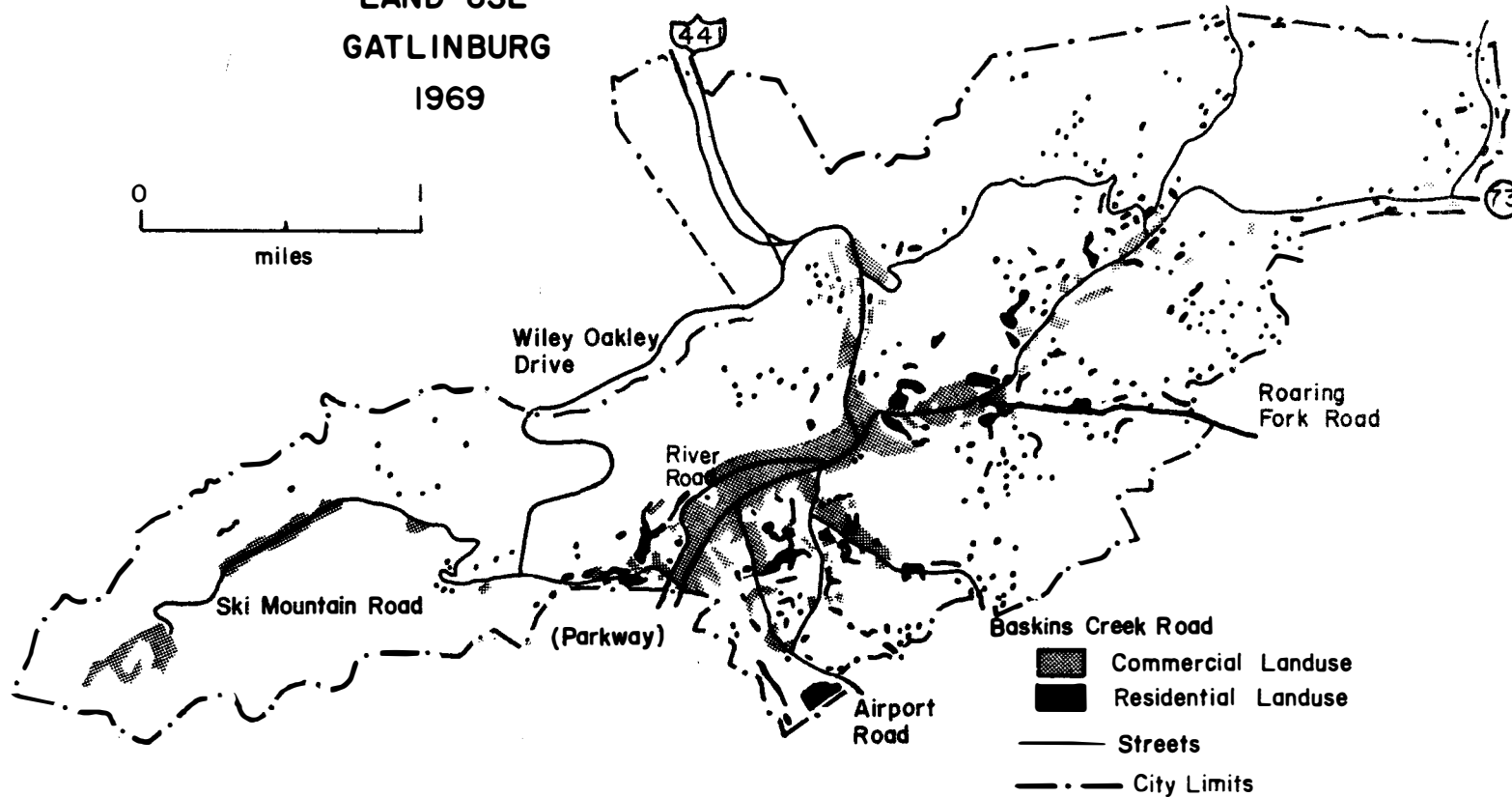


FIGURE 10. Commercial and residential land use in Gatlinburg, 1969.

SOURCE: Harland Bartholomew and Associates, Comprehensive Plan for Gatlinburg, Tennessee (Memphis: Harland Bartholomew and Associates, 1971).

commercial land use to cause intensive fragmentation in the valley bottoms as business density increased. The potential impact on land parcel size can be discerned from Figure 9 and Table 15. In 1930 businesses requiring less than .5 acre predominated. In the next 33 years businesses requiring .5 to 2.9 acres per site increased most rapidly and they also predominated areally in 1969 with motels alone accounting for 68 per cent of all commercial acreage.² Nevertheless, much recent growth was among even more intensive uses. From 1963 to 1973, for example, greatest absolute increases were registered by gift shops which occupied extremely small parcels of land.

In Pigeon Forge businesses occupying .1 to 2.9 acres of space predominated numerically in 1963 and 1973. Greatest absolute increases occurred in the .1 to .49 acre category as new service businesses were added. The larger growth rate in the smallest parcel class may presage a trend toward highly intensive land uses similar to that of Gatlinburg.

These data seem to support the contention that parcelization should result from increasing business density. However, the expected fragmentation may not have occurred. An examination of tax records reveals that the Parkway contains only 87 separate land parcels as compared to 206 businesses. The actual impact of commercial land use on parcel size appears to have been minor even in the area of most intense commercial development.

²Harland Bartholomew and Associates, Comprehensive Plan for Gatlinburg, Tennessee (Memphis: Harland Bartholomew and Associates, 1971), p. 8.

TABLE 15. Land Use Classification by Land Parcel Size.

Approximate Parcel Size in Acres	Representative Land Use
.005- .099	Retail Stores Usually Without Parking: Gift Shops, Novelties, Antiques Specialty Foods and Drinks Arts and Crafts Drug Stores Beauty Aids and Shops Sporting Goods Apparel
.100- .499	Retail Stores Usually With Parking: Groceries Hardware and Dry Goods Services: Restaurants Insurance Real Estate Communications and Printing Banks Maintenance and Cleaning Day Care Centers Automotive Maintenance and Supply
.500- 2.999	Fuel Supply Transportation Services Amusements Motels and Hotels Single Family Residences
3.000- 4.999	Construction, Landscaping, Building Supply Travel Trailer Parks
5.000-2700.000	Schools Agriculture Forestry

SOURCE: Estimated from measurements of representative business establishments in Gatlinburg.

Businesses occupied only a small portion of the rural land in 1968 (Figure 11). The eastern division contained a majority of all commercial establishments outside city limits, but even there they occupied no more than 50 acres. Considering the small land requirement it is unlikely that commercial activity was responsible for much of the rural fragmentation.

V. RESIDENTIAL LAND USE AND URBANIZATION

Residential land use is concentrated in small pockets of land near the major arteries of Gatlinburg (Figure 10, page 54). Away from these arteries residences are scattered, and densities are similar to those of the rural areas. In fact, large portions of the western part of the city have no residences, just as adjacent rural areas have none.

As illustrated in Figure 12, the rural divisions have experienced considerable residential growth from 1939 to 1968, but housing densities are generally low. Only near the eastern tip of Gatlinburg and in a small area west of Pigeon Forge have rural densities exceeded 60 residences per square mile (approximately .1 residences per acre--the lowest density shown in Figures 5 and 7, pages 46 and 48, respectively).

Actual residential land use has remained somewhat concentrated in the valley bottoms near the center of Gatlinburg though to a lesser extent than commercial land use. A much larger area, however, is committed to potential residential use in the form of platted residential subdivisions, as can be seen in Tables 16 and 17. These data attest to a high volume of land subdividing activity; a comparison of totals for 1962 and 1972 indicates that the acreage in subdivisions almost

RURAL BUSINESS ESTABLISHMENTS LITTLE PIGEON DISTRICT

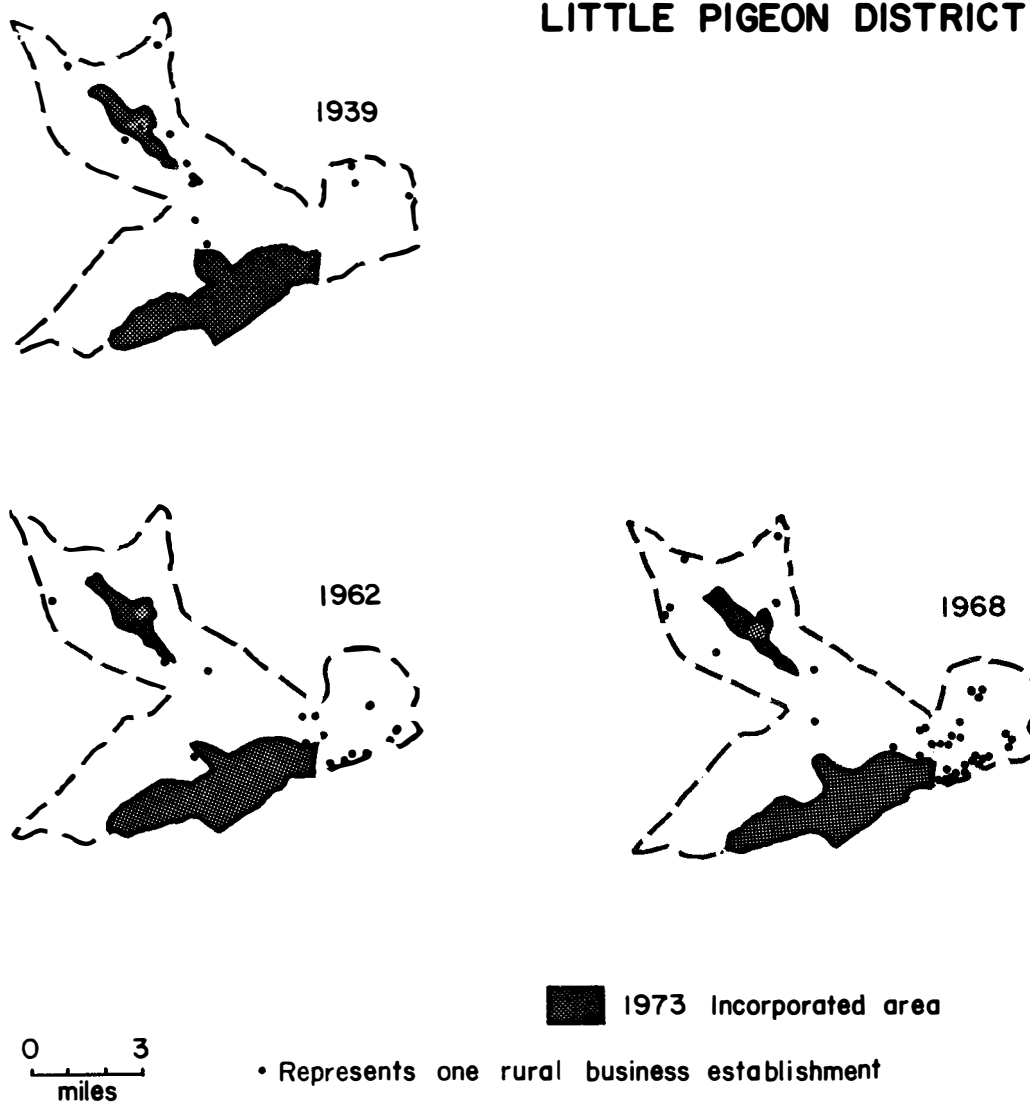


FIGURE 11. Rural business establishments in the Little Pigeon District, 1939, 1962, and 1968.

SOURCE: Tennessee County Highway Maps.

DENSITY OF RURAL RESIDENCES LITTLE PIGEON DISTRICT

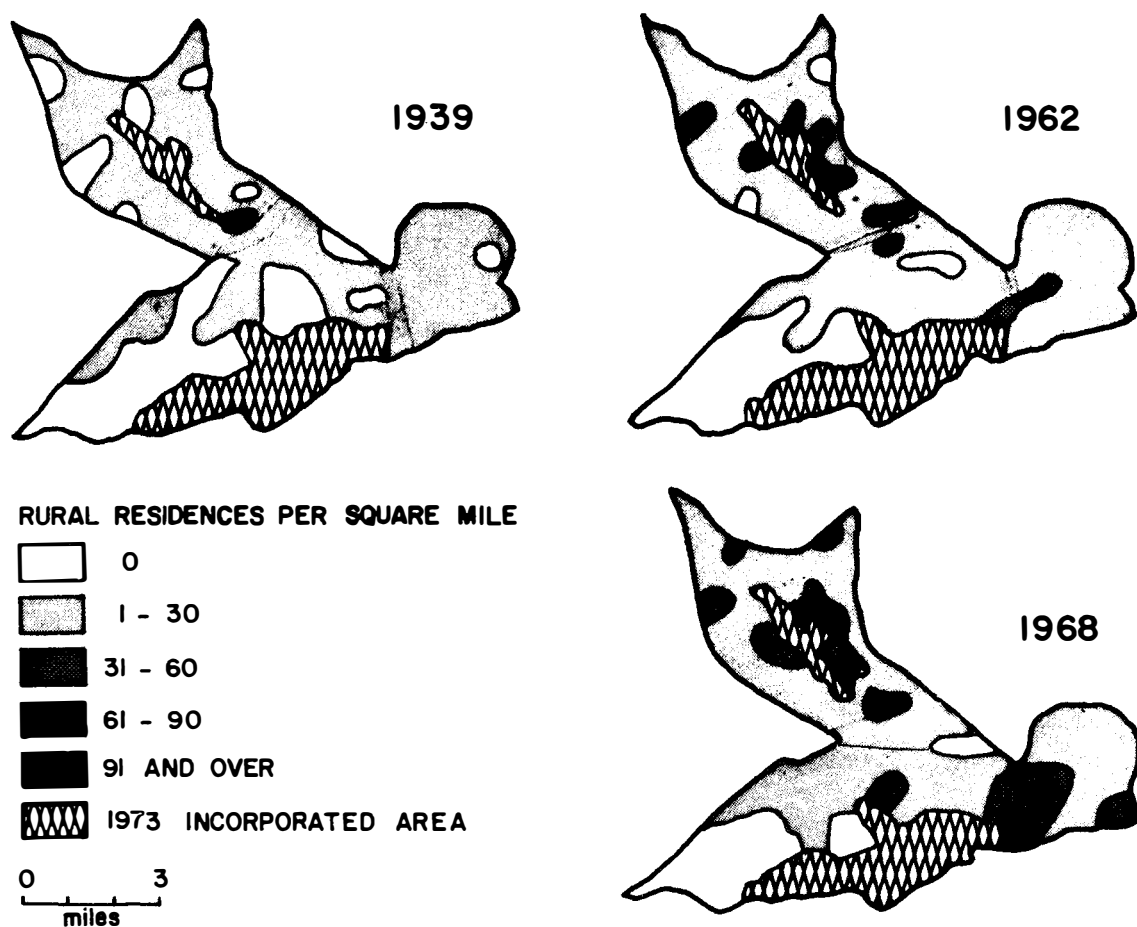


FIGURE 12. Density of rural residences in the Little Pigeon District, 1939, 1962, and 1968.

SOURCE: Tennessee County Highway Maps.

TABLE 16. Rural Subdivisions in the Little Pigeon District, 1962.

Subdivision	Number of Lots ^a	Average Lot Size ^b	Estimated Acreage in Lots ^c	Estimated Road Miles ^d	Estimated Road Acreage ^e	Estimated Total Acreage ^f
Henderson	9	.5	4.5	.1	.5	5.0
Meadowbrook	95	.33	31.4	.7	3.5	34.9
Pigeon River	75	1.0	75.0	1.5	7.5	82.5
Highland	97	.33	32.0	.8	4.0	36.0
Fairview	31	.33	10.2	.5	2.5	12.7
McMahan	120	.2-3.0	74.4	1.3	6.5	80.9
Cardwell	23	.4	9.2	.5	2.5	11.7
Conner Heights	60	.25	15.0	1.0	5.0	20.0
Conner Heights	84	.33	27.7	.5	2.5	30.2
Wiley Oakley	29	3.0	87.0	1.0	5.0	92.0
Le Conte	25	2.5	62.5	1.6	8.0	70.5
Smokey View	107	.5-.75	64.0	.8	4.0	68.0
Mills-Barnes	18	.2-.25	4.2	.1	.5	4.7
North Gatlinburg	159	.1-4.0	50.5	1.7	8.5	59.0
Dudley Creek	20	1.0	20.0	.5	2.5	22.5
Montgomery Farm	43	.7	30.1	.7	3.5	33.6
Montgomery Woods	130	.33	42.9	2.0	10.0	52.9
Whaley	63	.33	20.8	.3	1.5	22.3
Conners Smokey View	8	1.0	8.0	.2	1.0	9.0
Ownby Hills	159	.2-3.33	76.5	2.5	12.5	89.0
Ramsey	16	1.0-10.0	61.0	.0	.0	61.0
Far-a-way Circle	6	.75	4.5	.2	1.0	5.5
Far-a-way Circle	16	.3	4.8	.3	1.5	6.3
Total	1393	.6	816.2	18.8	94	910.2

TABLE 16. (Continued)

SOURCE: Compiled from plat maps, Sevier County Register of Deeds Office.

^aCounted.

^bEstimated from measurements of representative lots.

^cNumber of lots X average lot size.

^dApproximation of road miles shown on plat maps.

^eRoad miles X average 40-foot width for right-of-way.

^fEstimated acreage in lots + estimated road acreage.

TABLE 17. Rural Subdivisions in the Little Pigeon District, 1972.

Subdivision	Number of Lots ^a	Average ^b Lot Size	Estimated Acreage ^c in Lots	Estimated Road ^d Miles	Estimated Road Acreage ^e	Estimated Total ^f Acreage
Mark Ann Acre	71	.33	23.4	1.1	5.5	28.9
Beverly Hills	97	.2-.4	36.0	1.0	5.0	41.0
Henderson	9	.5	4.5	.1	.5	5.0
Mayes	17	.3	5.1	.2	1.0	6.1
Riverbend Acres	15	.25	3.8	.2	1.0	4.8
Riverbend Acres	22	.33	7.3	.1	.5	7.8
Duke Village	24	.33	7.9	.4	2.0	9.9
Maplecrest	78	.5	39.0	.9	4.5	43.5
Pinehaven	534	.1-.75	217.7	7.9	39.5	257.2
Walden's Creek	86	.5	43.0	1.0	5.0	48.0
Mountain View	10	.1	1.0	.1	.5	1.5
Twin Mountain	61	.75	45.8	1.6	8.0	53.8
Meadowbrook	95	.33	31.4	.7	3.5	34.9
Pigeon River	75	1.0	75.0	1.5	7.5	82.5
Highland	97	.33	32.0	.8	4.0	36.0
M. Ella	44	.5	22.0	.5	2.5	24.5
McCarter	12	.1	1.2	.1	.5	1.7
Thurman Heights	36	.4	14.4	.7	3.5	17.9
Teague	20	.4-14.0	89.6	.0	.0	89.6
Rambling Acres	32	.4-5.0	83.2	.7	3.5	86.7
Pine Grove	10	.5	5.0	.1	.5	5.5
Fairview	31	.33	10.2	.5	2.5	12.7
High Valley	40	.5	20.0	.3	1.5	21.5
LaFollette	84	1.0	84.0	.9	4.5	88.5
LaFollette	27	.5	13.5	.0	.0	13.5
Pickel	16	.9	14.4	.3	1.5	15.9

TABLE 17. (Continued)

Subdivision	Number of Lots ^a	Average ^b Lot Size	Estimated Acreage ^c in Lots	Estimated Road ^d Miles	Estimated Road Acreage ^e	Estimated Total ^f Acreage
Westwood	73	.3-.33	30.4	.8	4.0	34.4
Vickwood Hills	68	.33	22.4	.9	4.5	26.9
Lil' Ponderosa	8	.2	1.6	.1	.5	2.1
McMahan	120	.2-3.0	74.4	1.3	6.5	80.9
Cardwell	23	.4	9.2	.5	2.5	11.7
Laurel Woods	20	.33	6.6	.3	1.5	8.1
Rebel Hills	26	.33	8.6	.3	1.5	10.1
Middle Creek Plaza	25	.33	8.3	.3	1.5	9.8
Dogwood Gardens	14	.5	7.0	.3	1.5	8.5
Whaley Hills	23	.5	11.5	.5	2.5	14.0
Conner Heights	84	.33	27.7	.5	2.5	30.2
Buena Vista	4	.33	1.3	.0	.0	1.3
Roy Maples	7	.33	2.3	.1	.5	2.8
Norton Creek Club	133	.5-1.0	99.3	2.7	13.5	112.8
Huskey Grove	26	1.0	26.0	.4	2.0	28.0
Hidden Valley	239	.13-.33	72.7	2.6	13.0	85.7
Sky Harbor	915	.2-.33	313.6	11.2	56.0	369.6
Smokey View	107	.5-.75	69.0	.8	4.0	73.0
Mills-Barnes	18	.2-.25	4.2	.1	.5	4.7
North Gatlinburg	159	.1-4.6	50.5	1.7	8.5	59.0
Dudley Creek	20	1.0	20.0	.5	2.5	22.5
Barnes-Ogle	16	.5	8.0	.2	1.0	9.0
Little Smokey	35	1.5	52.5	1.6	8.0	60.5
Valley High	35	.5	17.5	1.0	5.0	22.5
Montgomery Farm	43	.7	30.1	.7	3.5	33.6
Whaley	63	.33	20.8	.3	1.5	22.3
Connors Smokey View	8	1.0	8.0	.2	1.0	9.0

TABLE 17. (Continued)

Subdivision	Number of Lots ^a	Average Lot Size ^b	Estimated Acreage in Lots ^c	Estimated Road Miles ^d	Estimated Road Acreage ^e	Estimated Total Acreage ^f
Ownby Hills	159	.2-.75	76.5	2.5	12.5	89.0
Glades Highland	31	.4	12.4	.4	2.0	14.4
Parton	13	1.0-10.0	31.0	.3	1.5	32.5
Shielview	96	.2-1.6	49.5	1.2	6.0	55.5
Maples	19	.5-.25	8.0	.2	1.0	9.0
Blalock	5	.33	1.7	.0	.0	1.7
Smith-Barnes	26	1.0	26.0	.7	3.5	29.5
Kenview	8	.2	1.6	.1	.5	2.1
Oak Valley	50	.6	30.0	1.4	7.0	37.0
Oak Valley	55	.5	27.5	.8	4.0	31.5
James Clark	28	1.0	28.0	.6	3.0	31.0
Hidden Hills	25	.5-4.5	16.5	.6	3.0	19.5
Carter Plaza	20	.75	15.0	.1	.5	15.5
Front Creek	4	.5	2.0	.0	.0	2.0
Ramsey Farm	16	1.0-10.0	61.0	.0	.0	61.0
Robinson Farm	5	4.0	20.0	.7	3.5	23.5
Far-a-way Circle	6	.75	4.5	.2	1.0	5.5
Far-a-way Circle	<u>16</u>	<u>.3</u>	<u>4.8</u>	<u>.3</u>	<u>1.5</u>	<u>6.3</u>
Totals	4537	.5	2349.9	61.7	308.5	2658.4

SOURCE: Compiled from plat maps, Sevier County Register of Deeds Office.

^aCounted.

^bEstimated from measurements of representative lots.

^cNumber of lots X average lot size.

^dApproximation of road miles shown on plat maps.

^eRoad miles X average 40-foot width for right-of-way.

^fEstimated acreage in lots + estimated road acreage.

tripled from 910 to 2658 acres in ten years.

The significant impact of subdividing activity on the organization and use of rural land also can be discerned from these data. More than 3000 lots were formed in platted residential subdivisions in the ten-year period, and these comprised more than 90 per cent of all additional lots smaller than one acre in the rural divisions. Simultaneously, the average subdivision lot decreased from .6 acre to .5 acre as more and more developers chose to plat one-fourth to one-third acre lots. Moreover, providing access to these small lots has required an extremely fine network of roads similar to the close-spacing of streets in urban areas; rural subdivision roads increased from 94 miles in 1962 to 309 miles in 1972.

More than half of the rural subdivision lots formed during the decade were contained in three large subdivisions--Pinehaven (534 lots), Hidden Valley (239), and Sky Harbor (915). The latter two are jointly-owned, contiguous subdivisions occupying approximately 450 acres of land northeast of Gatlinburg. Another large subdivision, Chalet Village North, was begun in 1973 with 440 lots. These data suggest that subdividing activity is concentrating more and more in large blocks of land. Simultaneously, however, there has been an increase in development of small subdivisions, and, in fact, average subdivision size has decreased from 39.6 acres in 1962 to 37.4 acres in 1972.

It can be concluded that potential residential land use in the form of platted subdivisions has been a major urbanizing force in the rural areas. It has caused fragmentation of land parcels to sizes similar to those of urban areas and has affected large contiguous

blocks of land. It has resulted in urban-like networks of roads which seem to be the major tangible impact of such development. The greatest difference between this land and urban land is the sparsity of actual building construction.

VI. RESIDENTIAL LAND USE AND EXPANSION OF THE INCORPORATED AREA

Annexation of platted residential subdivisions has been the major form of areal expansion of the incorporated area beginning with the Methodist Assembly Grounds which were subdivided and sold as homesites in the early 1940's and annexed in the mid-1950's. By 1972 the total number of landholdings in Gatlinburg had increased to four times the 1950 figure with new residential land uses responsible for most of the change (Table 14, page 50). In the most recent decade four established subdivisions containing a total of 184 lots and Chalet Village with 929 lots were annexed by the city, and they accounted for 90 per cent of all additional parcels.

Annexation of platted subdivisions usually involves incorporation of some interstitial space. In the 1950's much of this land was intensely fragmented, and by 1962 parcels of less than one acre comprised 61 per cent of the city's 2000 acres. A decade later the city limits again had been expanded, and the annexed subdivisions extended well beyond the area of most intense fragmentation to the west (Figures 13 and 14). By 1972 parcels of less than one acre had decreased to 54 per cent of the 4400 acres within the city.

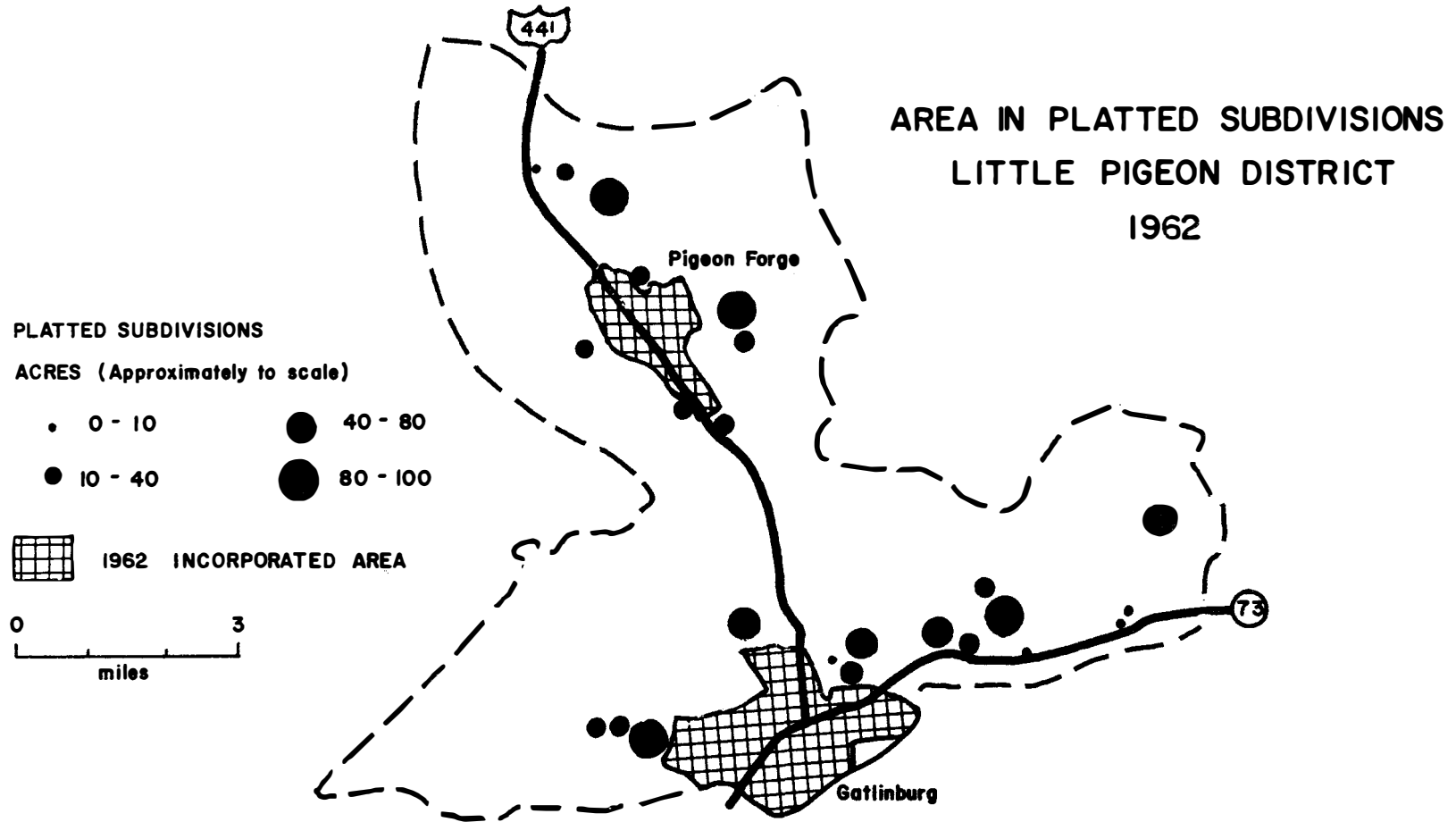


FIGURE 13. Area in platted subdivisions in the Little Pigeon District, 1962.

SOURCE: Compiled from plat maps in the Sevier County Register of Deeds Office and Sevier County tax records.

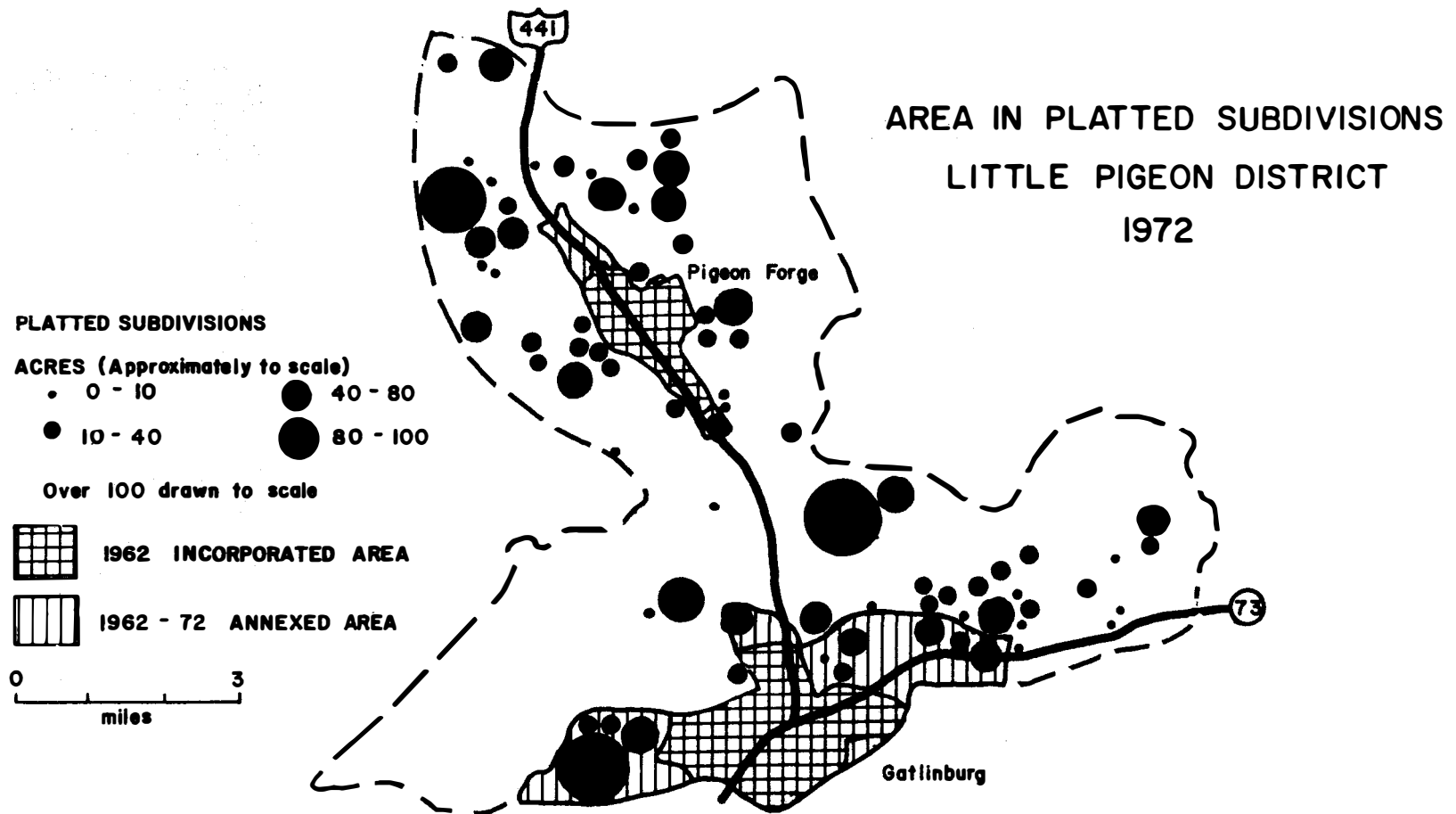


FIGURE 14. Area in platted subdivisions in the Little Pigeon District, 1972.

SOURCE: Compiled from plat maps in the Sevier County Register of Deeds Office and Sevier County tax records.

In contrast, annexation of platted subdivisions has been minor in Pigeon Forge. Conner Heights, containing 60 lots, was the only subdivision annexed between 1962 and 1972 although similar developments abounded on the city's periphery.

VII. PROSPECTS FOR CONTINUED LAND SUBDIVIDING

The prospects for continued subdividing of land into small parcels might be indicated by the ownership of farm land by capital-gains speculators. Higbee has noted that farms owned by professional farmers are likely to remain in production until urbanization pressures are great.³ They then tend to be purchased by capital-gains speculators who are likely to produce at less than full capacity in anticipation of conversion to more profitable land uses. The latter is an intermediate stage between full agricultural production and residential or commercial land use.

As Figure 15 illustrates, most of the rural land in the Little Pigeon District as well as some of the urban land was in operating farms owned by professional farmers in 1973. The map is based on agricultural allotments and shows the extent to which land is leaving or may leave agricultural production. Some 31 farms have been retired from production, and most of these have converted to more intensive land uses. A.S.C.S. officials indicate that 37 farms remaining in operation have

³ Edward Higbee, "Agricultural Land on the Urban Fringe," in Metropolis on the Move: Geographers Look at Urban Sprawl, Ed. by Jean Gottmann and Robert A. Harper (New York: John Wiley and Sons, Inc., 1967), pp. 57-66.

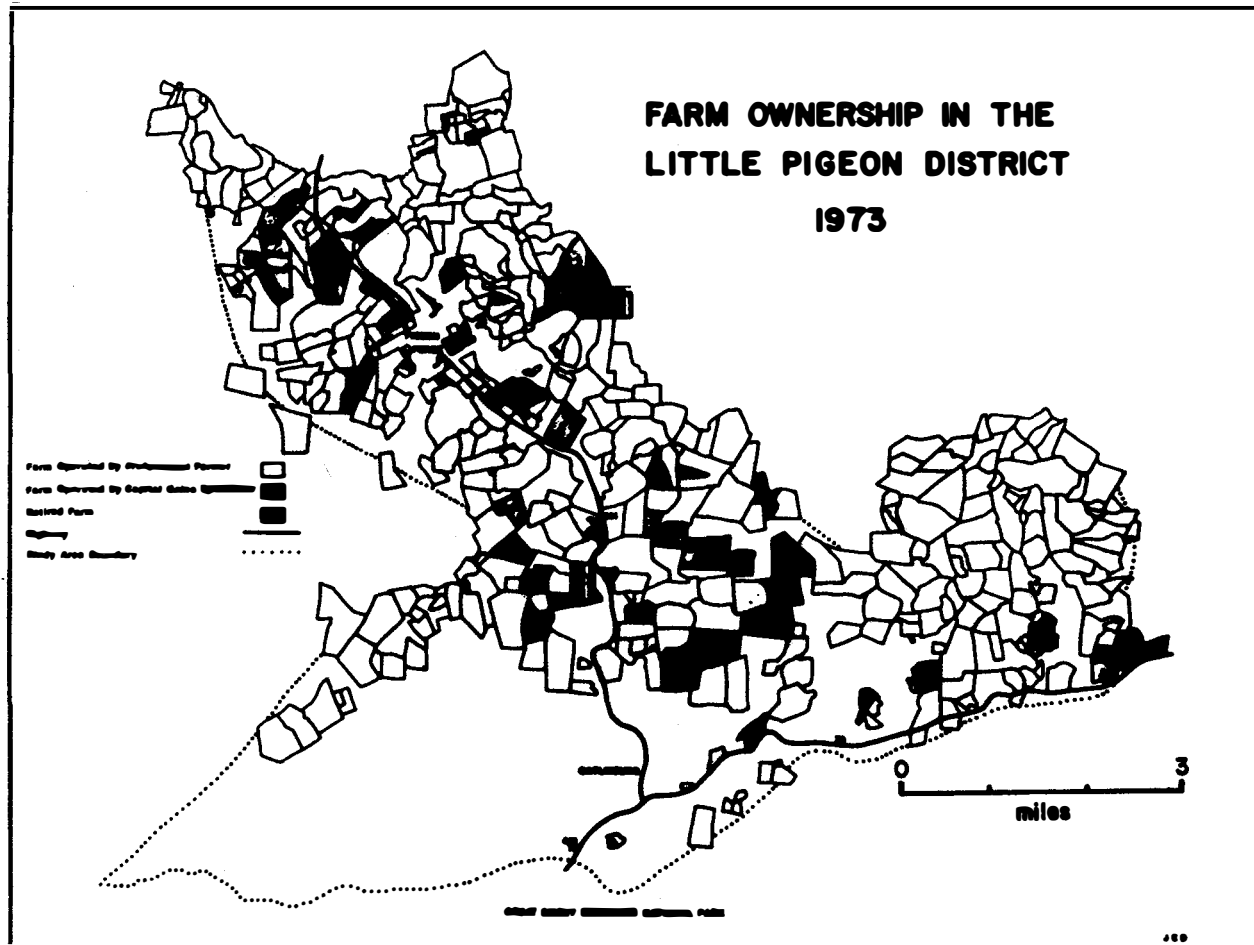


FIGURE 15. Farm ownership in the Little Pigeon District, 1973.

SOURCE: Compiled from air photos and other data available in the Sevier County Agricultural Stabilization and Conservation Service Office.

- been purchased by capital-gains speculators. Most retirement of farms has occurred near Pigeon Forge, and most speculative purchases involve land between the two cities. In spite of the possibility of increased traffic along Highway 73 East upon completion of I-40 all of the farms in the eastern division remain in operation and only three have been purchased by capital-gains speculators.

The pattern of farm ownership suggests that most land subdividing activity in the near future will focus on the area north of Gatlinburg and surrounding Pigeon Forge. Its potential volume is great since the number of farms now held by capital-gains speculators exceeds the number of farms retired in the last several decades.

VIII. IMPLICATIONS OF GATLINBURG'S AREAL EXPANSION

This chapter clearly demonstrates that land fragmentation in the form of platted subdivisions and, to a lesser extent, scattered small lots has been the major aspect of Gatlinburg's areal expansion. Since land fragmentation is an integral part of the urbanization process which develops as a response to demand for land and normally involves transfers of ownership, the areal expansion of land subdividing offers a measure of potential impact on indigenous land owners resulting from economic growth. The tremendous volume of subdividing activity implies rapid land sales and requires a much larger market than the local area can provide. The extent of this impact on indigenous land ownership depends on the volume of sales to outsiders—a topic examined in Chapter IV.

CHAPTER IV

THE BENEFICIARIES OF GATLINBURG'S ECONOMIC GROWTH

According to conventional wisdom Gatlinburg's rapid economic growth should provide benefits to the local area and its people. The purpose of this chapter is to test that assumption by examining how such benefits are to be derived and who seems to be in a position to receive them. The analysis focuses on economic participation by local residents, including newcomers and indigenous Sevier County residents of more than 10 years, as an indication of how they have fared as a part of the economic system.

I. DERIVING THE BENEFITS OF ECONOMIC GROWTH

The benefits of economic growth may include increased personal income, better housing, a greater variety of services, and a multitude of social satisfactions. They are not easily defined because individual preferences vary; what one person views as a benefit of development another may view as a cost. Although Morrill has noted that in the more developed countries increased per capita income may not produce concomitant satisfactions,¹ it is still the most widely accepted measure of development success and, certainly, ranks high among local goals for development programs. For these reasons this study focuses on the monetary benefits of Gatlinburg's economic growth.

¹Morrill, op. cit., p. 403.

The phenomenal growth of Gatlinburg's gross business receipts undoubtedly has provided major monetary benefits to the economy. How are these benefits transmitted to local residents?

Employment

Employment of locals is often cited as a benefit of economic growth, but recreational industries may not offer major benefits to employees. Harris, in his functional classification of United States cities, used high rates of unemployment as clues to identify resort and retirement centers.² Of course, retired persons boost unemployment rates, but recreational industries are known to be highly seasonal in their employment requirements.

Table 18 lists the percentage of workers employed year-round in selected industries of Tennessee. Less than half of all women and less than two-thirds of men in personal service (including hotel and motel) and entertainment-recreation occupations are employed year-round. Comparable data are not available for Gatlinburg, but Sevier County data suggest that the seasonality of local employment is similar to that described for the service and entertainment-recreation occupations for the state as a whole. Table 19 shows that unemployment rates were as high as 15 per cent in the off season of 1974. Approximately 14 per cent (1680) of the county's total civilian work force in 1973 was engaged in service employment. Retail trade, including the restaurants, shops,

²Chauncy D. Harris, "A Functional Classification of Cities in the United States," The Geographical Review, Vol. 33 (January, 1943), pp. 86-99.

TABLE 18. Median Earnings of Experienced Civilian Workers and Percentage Employed Year-Round by Occupation and Sex in Tennessee, 1969.

Selected Occupation or Major Industry	Median Annual Income		Percentage Who Worked 50-52 Weeks in 1969	
	Male	Female	Male	Female
Agriculture	\$2403	\$1807	63.9	51.2
Construction	5344	4368	57.9	62.1
Manufacturing	6137	3430	76.8	58.0
Transportation, Communications, and Other Public Utilities	7260	4662	77.0	65.5
Wholesale Trade	6895	4114	81.1	64.0
Retail Trade	5035	2507	70.9	53.2
Finance, Insurance, Real Estate	8366	4059	83.5	67.7
Business and Repair Services	5890	3280	75.3	53.6
Personal Services	3924	1568	66.5	49.9
Entertainment-Recreation	3860	2225	57.8	45.6
All Occupations	5907	3209	72.8	53.9

SOURCE: United States Department of Commerce, Bureau of the Census, 1970 Census of Population, Vol. 1, Characteristics of the Population, Part 44, Tennessee, Table 177, February, 1973.

TABLE 19. Total Civilian Labor Force and Average Percentage Unemployed by Selected Occupations, Sevier County, Tennessee, 1973-1974.

Date	Total Civilian Labor Force	Average Percentage Unemployed
All Occupations:		
1973 Average	15,050	5.4
December, 1973	12,840	11.1
February, 1974	13,790	15.1
April, 1974	16,490	7.7
June, 1974	18,560	3.2
August, 1974	18,210	2.4
October, 1974	16,400	2.6
Services:		
1973 Average	1,680	N.A.
Retail Trade:		
1973 Average	2,150	N.A.

SOURCE: Eloise Phillips, Tennessee Department of Employment Security.

and amusements of Gatlinburg, accounted for 18 per cent (2150) of all workers.

Furthermore, according to state data, wages among personal service and entertainment-recreation workers are lower than for any other category except agriculture. In fact, female personal service employees are even lower paid than women in agriculture. Comparable data are not available for Gatlinburg or Sevier County, but the local agent of the Tennessee Department of Employment Security confirms that service and retail trade employees in Gatlinburg generally earn minimum wages on a highly seasonal basis.³

Movable Capital

The capital sector normally receives a sizable portion of gross revenues, but capital is highly mobile, and most large corporations operate in a regional or national capital market. Commercial banks in Gatlinburg are prohibited by law from lending sums greater than approximately \$150,000 to a single borrower.⁴ Therefore owners of large motels, for example, must turn to the regional or national capital market to finance any construction other than minor periodic renovation. Interviews with local businessmen and bank officials and the magnitude of motel investments discussed later in this chapter indicate that Gatlinburg's recent growth is based largely on outside capital. The returns on movable capital flow chiefly to regional or national lending

³Eloise Phillips, Tennessee Department of Employment Security, telephone interview, August, 1973.

⁴Bill Mills, personal interview, August, 1973.

institutions rather than to local financiers.

Fixed Capital and Land

Owners of fixed capital and land are major beneficiaries of Gatlinburg's growth. Logically the increased density of commercial buildings on the Parkway and other arteries should result in higher economic rents to land and building owners. According to economic theory, land values and contract rents should rise in response to such increased demand, and, in fact, some businesses have relocated farther from the center of town because of the high contract rents. Many other businessmen have expressed concern about high rents, and some have even suggested that rates for small shop spaces in the central business district are so high that hardly any business can operate feasibly. They feel that much shop space is kept occupied only because of highly transient entrepreneurs who anticipate much higher incomes than can actually be obtained.

The economic returns and leverage from residential land are generally less than from commercial land. The major economic benefits to be obtained from raw land with limited agricultural value like that of the Little Pigeon District is capital gain at the time of its sale. The greatest beneficiaries of increasing demand for non-commercial land are land speculators who buy from farmers and other indigenous land owners at a price based upon use value and then subdivide and sell it at much higher prices.

Entrepreneurship

Entrepreneurs are major recipients of business revenue growth in Gatlinburg. Even if profits have declined relative to economic rents, the tremendous growth of business receipts would seem to permit large absolute increases of both. Because entrepreneurs control these receipts, they are reaping sizable benefits from growth.

II. THE PARTICIPANTS IN GATLINBURG'S ECONOMY

For the purposes of this study Gatlinburg's land owners and entrepreneurs have been divided into locals and outsiders on the basis of their mailing addresses. All residing in Sevier County are classified as locals, and after ten years residency they are considered indigenous. Conversely all outsiders and newcomers of ten years or less are considered exogenous. This section describes the general composition of each group, and the following sections evaluate their participation in land and business ownership.

The Indigenous Participants

Local histories by Greve,⁵ Pyle,⁶ and Shaw⁷ describe the evolution of Gatlinburg's population and economy since the first permanent settlement about 1795. These works can be consulted for an

⁵Greve, op. cit., p. 107.

⁶Ernie Pyle, Gatlinburg and the Great Smokies (Gatlinburg: The Mountain Press, 1951).

⁷Russell Shaw, The Gatlinburg Story (Gatlinburg: Russel Shaw Publishers, 1973).

account of the town's rather colorful past, but it seems worthwhile to repeat the economic roles played by some of the area's citizens.

Most writers have credited the Ogles, Whaleys, Maples, Huffs, and Reagans with making the town what it is today. The first settler was Jane Huskey Ogle. Her grandson, Noah Ogle, started the first store in 1850 while the settlement was known as White Oak Flats. For more than a century Ogle's of Gatlinburg has remained the town's major commercial establishment, and it is still operated by descendants of the original owner.

Of the five most prominent families, the Huffs were the most recent arrivals. Andrew Jackson (Andy) Huff and his brother established the area's first lumber operation in 1898. He moved to the "Burg" in 1901 and built the first hotel, the Mountain View, in 1916. At the time of Gatlinburg's first resort boom in the 1930's Andy Huff was still active in the town's development. He and his son, Jack, enlarged the Mountain View Hotel and established other tourist courts and lodges including the Le Conte Lodge at the summit of Mount Le Conte. Jack Huff and his family still operate the Mountain View Hotel and numerous motels.

John H. Whaley and his offspring operated a commercial apple orchard, now known as Cherokee Orchard, until 1922 when Stephen Whaley sold it and opened a boarding house in Gatlinburg. In the following years "Uncle Steve" became one of the town's most venerable citizens. His oldest son, Dick, built the Riverside and Greystone Hotels--two of the four large hotels in the early period. When the town was incorporated in 1945, Dick Whaley became its first mayor. Today he is a real estate broker with interests in several motels.

In the 1930's Rel L. Maples, Sr. built the Gatlinburg Inn, which he still operates. He has been President or Chairman of the Board of the Gatlinburg First National Bank since it was established in 1951. In 1956 he built Chucky Jack (Hunter Hills) open air theater, which he donated to The University of Tennessee Drama Department four years later.

During the crucial period of initial resort development in the 1930's Gatlinburg's most influential businessmen and civic leaders were Andrew Huff, Stephen Whaley, and Charles Earl Ogle, Sr. A younger generation including Jack Huff, Rel L. Maples, Sr., Dick Whaley, and Charles Earl Ogle, Jr., played an important role in developing the resort facilities. By the 1940's the latter four were the town's new leaders, and all have remained active to the present. They and their descendants still own most of the commercial land and numerous businesses, but economic and political leadership is shared with some more recent migrants. Bill Mills, who moved from Sevierville to Gatlinburg in 1951, is the current mayor and is President of the Gatlinburg First National Bank. Wallace Zoder, II, a native of Louisiana, moved to Gatlinburg in the 1940's and established a motel. His son, Wallace Zoder, III, is now a city commissioner. W. W. (Jud) Mynatt, a native of Knoxville, served as city manager for approximately 20 years and is now a city commissioner.

Much has been said and written about the tight control of Gatlinburg's land and businesses by locals. Almost anyone familiar with the town has heard that the Ogles, Whaleys, and Maples own the land and that it is difficult or impossible to buy any of it from them. While

there is some truth in this statement, one should note that it applies only to the business district. Much of the surrounding land traditionally has been owned by other local families. Moreover, as Table 20 indicates, the names listed above are as common in Gatlinburg as Smith and Jones are in most other United States cities. These families have resided in Gatlinburg for almost two centuries, and many branches have developed.

Unified family control is not implied by the family name alone. As it happens, Hattie Maples Ogle McGiffin and her children by Charles Earl Ogle, Sr., own a major portion of the business property (Shaw reports their portion as "more than half"),⁸ but they are only distantly related to some other Ogles who own land and businesses on the Parkway.

Other substantial portions of the business district are owned by Dick Whaley and Rel L. Maples, Sr., and their families. A few other locals, including some relatively recent migrants, own large blocks of commercial land, and most of the remaining parcels are business sites owned by the individual entrepreneurs. In addition to the major land owners and entrepreneurs, many small-business and rural-land owners are descendants of the original pioneers. With the exception of substantial holdings by A. G. Heinsohn, Jr., of Sevierville and other land speculators, most of the rural land is owned by indigenous farmers, workers, and craftsmen who reside on the land.

⁸Ibid., p. 25.

Indigenous Participants

TABLE 20. Rank Order of Telephone Listings in Gatlinburg by Family Name for Selected Families in 1973.

Telephone Listings of All Family Names With More Than Ten Entries and Selected Other Families (in Rank Order)	Number of Residences	Number of Businesses Using Family Name in Company Name
Ogle	89	13
McCarter	40	3
Reagan	38	2
Huskey	32	0
Ownby	29	2
Watson	29	1
Whaley	25	2
Trentham	24	3
King	19	4
Maples	16	1
Brown	15	0
Williams	13	2
Clabo	12	1
Oakley	12	0
Miller	12	2
Smith	12	2
Bales	11	2
Wilson	11	0
Cox	8	4
Huff	4	2
All Names	2040	All Businesses 512

SOURCE: Gatlinburg Telephone Directory, August, 1973.

The Exogenous Participants

Exogenous newcomers played a significant role in Gatlinburg's development throughout the period under study. Many new residents established businesses and were accepted as integral participants in community affairs. Some, like Wallace Zoder, II, and W. W. (Jud) Mynatt, became prominent civic leaders. Today a large number of newcomers are in this process of assimilation.

There is, however, a new aspect of exogenous participation which warrants special attention. Since 1960 outsiders with no apparent intention of establishing residency have increased their holdings in Gatlinburg. For the most part these are branches of metropolitan-based chains or corporations. The parent companies vary in size from a few stores like the Thomas Hill Sportswear chain to large multinational corporations like Holiday Inns, Incorporated. In general the small chain establishments are no larger or more significant commercially than locally-owned businesses, but those owned by larger corporations are massive enterprises with the capacity to alter greatly the economic character of the community. In either case the branches differ distinctly from locally-owned businesses in that they are not the owner's primary enterprise. Economic decisions which may greatly affect Gatlinburg are based on regional, national, or international corporate interests rather than local interests. Consider, for example, the Chalet Village subdivision, a subsidiary of Rapoca Resources Coal Company of Cincinnati, Ohio. The subdivision itself is a minor portion of the parent company's assets, and yet it is the second-largest single landholding (395 acres) inside the city limits of Gatlinburg. If, for some

reason, the parent company decided to divest itself of all such interests (as the Boise Cascade Company did recently in other parts of the country), the consequences would be relatively minor for the corporation as a whole but quite important for Gatlinburg.

Even the new resident entrepreneurs are accompanied increasingly by corporate structures. For example, Cliff Anderson, who migrated to Gatlinburg in 1970 after 28 years as a land developer in Arkansas and elsewhere, is the principal stockholder of Tennessee Mini Farms, which owns Sky Harbor and, according to Anderson, is the sixth largest land owner in Pigeon Forge. The sheer size of such enterprises leads to inevitable conflicts between their interests and those of the city. Recently Cliff Anderson was ordered to leave a city council meeting because of his outspoken opposition to an areal expansion of the city's zoning authority.⁹

In addition to the outside entrepreneurs and major land owners there is a large group of smaller land owners who may or may not eventually establish residency in the area. For many years out-of-county residents have been buying lots with the intention of building second homes or retirement homes. Undoubtedly this continues as a major market for subdivision lots and small parcels, but recently the sale of lots may be as much a function of promotion and sales tactics as for personal use. Cliff Anderson estimates that approximately 40 per cent of Sky Harbor's lot owners have no intention of constructing

⁹Williard Yarbrough, "Gatlinburg Extends Limits of Zone Control," The Knoxville News-Sentinel, November 14, 1973.

homes,¹⁰ and the low build-out rate evident there and observations in other such developments suggest that the portion actually may be closer to 90 per cent. For the entire Little Pigeon District it seems reasonable to project that at least one-half of all outside land owners will never migrate to the area since, according to a sample of local land owners, only one-quarter of the outside owners in 1962 had migrated to the area by 1972.

III. THE OWNERSHIP OF LAND

In the context of Gatlinburg's areal expansion and land fragmentation, it seems reasonable that there may have been a major impact on indigenous participation in land ownership. Figure 16 shows changes in the size and composition of each land ownership group based on Sevier County tax records.¹¹ The evidence indicates that outsiders have increased their share of land ownership in Gatlinburg and its surrounding rural divisions. In the 1930's and early 1940's the tight control over land ownership by locals was noted.¹² There were no outside land owners in Gatlinburg or the western division and only ten in the eastern division in 1930. A decade later the total number of outside land owners in both divisions had decreased to five.

¹⁰Cliff Anderson, personal interview, December, 1973.

¹¹An inherent problem of the data is that some indigenous land owners have moved to new addresses outside the county. A comparison of family names indicates that their number is small. Such owners comprise a negligible portion of the numerous outside land owners in later years but may have been a significant portion in the early decades. Conversely, many local residents are exogenous newcomers to the area rather than indigenous residents of ten years or more.

¹²Pyle, op. cit., pp. 15-16.

ALL LAND OWNERS BY DIVISION AND PLACE OF RESIDENCE 1930 - 1972

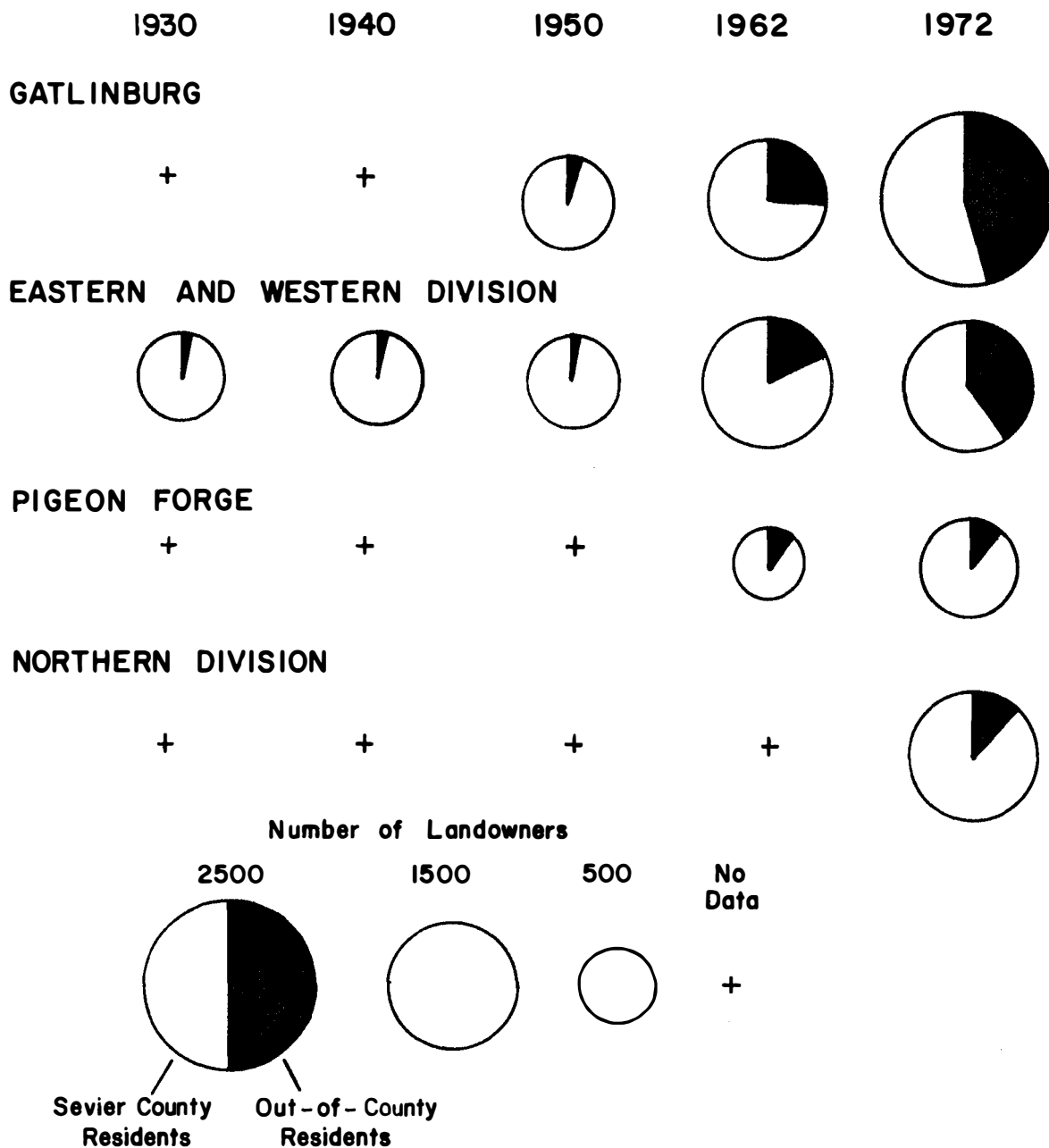


FIGURE 16. All land owners in the Little Pigeon District by division and place of residence, 1930-1972.

SOURCE: Compiled from Sevier County tax records.

Some lots were sold to outsiders beginning about 1945, but they comprised less than 4 per cent of all land owners in 1950. During the following decade sales to out-of-county residents increased rapidly, and by 1962 they amounted to one-fourth of all Gatlinburg's land owners. Exponential increases continued, and by 1972 almost half of Gatlinburg's land owners were outsiders.

According to a 10 per cent sample of Gatlinburg's local land owners, only three-quarters of those claiming local addresses were indigenous Sevier County residents of ten years or more as of 1972 (Table 21). Thus indigenous persons comprise about 40 per cent and newcomers about 14 per cent of all Gatlinburg's land owners.

Perhaps more significant is the dearth of indigenous residents among new land purchasers in the last decade. In Gatlinburg three-fourths of all recent purchasers claiming local addresses were new residents of ten years or less. In Pigeon Forge newcomers comprised 56 per cent of all local purchasers in the decade (Table 22), and in the rural divisions outside platted subdivisions they made up 100 per cent of all local purchasers according to the sample data (Table 23). The trend has been for purchases to be more and more dominated by outsiders or newcomers.

The strong growth of outside land ownership in the last two decades carries the implication that indigenous participation in Gatlinburg's economy has decreased. Considering, however, that commercial land generates larger economic rents and implies greater control of economic activity, its ownership is a crucial measure of indigenous participation in the benefits accruing from growth. Conversely, if most

TABLE 21. RESIDENCY OF GATLINBURG'S LOCAL LAND OWNERS, 1972.

Year of Land Purchase	Residency in Sevier County	Number of Sample Land Owners
1962-1972	Indigenous	8
	Newcomer (ten years or less)	25
	Subtotal	33
Prior to 1962	Indigenous	89
	Newcomer	7
	Subtotal	96
Total		129

SOURCE: Based on Sevier County tax records for 129 land owners (10 per cent of total). When residency could not be ascertained from tax records, interviews were made with informed local persons.

TABLE 22. Residency of Pigeon Forge's Local Land Owners, 1972.

Year of Land Purchase	Residency in Sevier County	Number of Sample Land Owners
1962-1972	Indigenous	8
	Newcomer (ten years of less)	10
	Subtotal	18
Prior to 1962	Indigenous	51
	Newcomer	0
	Subtotal	51
Total		69

SOURCE: Based on Sevier County tax records for 69 land owners (10 per cent of total). When residency could not be ascertained from tax records, interviews were made with informed local persons.

TABLE 23. Residency of Rural Local Land Owners, 1972.

Year of Local Purchase	Residency in Sevier County	Number of Sample Land Owners
1962-1972	Indigenous	0
	Newcomer (ten years or less)	38
	Subtotal	38
Prior to 1962	Indigenous	89
	Newcomer	2
	Subtotal	91
Total		129

SOURCE: Based on Sevier County tax records for 129 land owners (10 per cent of total). When residency could not be ascertained from tax records, interviews were made with informed local persons.

outside ownership is in land committed to residential uses, the economic benefits from such ownership are small.

Ownership and Tenure of Commercial Land

Some ownership of land for business purposes shifted to outsiders, but the extent was not proportional to the large number of outside land owners in Gatlinburg. In 1972 local residents owned 73 (87 per cent) of the 84 parcels on the Parkway, which is the center of commercial activity. Furthermore, ownership of commercial land is limited chiefly to a small group of locals.

From interviews and field observations it is clear that demand for commercial land is great, but most owners of commercial land lease rather than sell to entrepreneurs, whether locals or outsiders. Table 24 shows that leasing is the means by which most outsiders and residents of ten years or less, as of 1972, have gained use of commercial land in Gatlinburg. Data based on a 10 per cent sample of business owners indicate that 93 per cent of all businesses owned by newcomers or outsiders are operated on leased land. Table 25 indicates that leasing is common among all businesses except motels. Thus the benefits of commercial land ownership, primarily in the form of contract rents, are flowing largely to a small group of local residents.

Ownership of Non-Commercial Land

According to Figures 17 and 18, outside customers are, indeed, a major market for subdivision lots. Between 1962 and 1972 outsiders comprised 44 per cent of all lot purchasers, and their share of lot ownership grew from 24 per cent to 36 per cent. Outside ownership is

TABLE 24. Ownership and Leasing of Commercial Sites by Type of Business, 1973.

	Number Owning Site	Number Leasing Site
Motels	9	1
All Other Businesses	11	25
(No response--13)		

SOURCE: Based on interviews with 59 business owners (11.5 per cent of total) in November and December, 1973. Since these were made in the off season, they essentially represent data for year-round residents. Some out-of-county owners were reached by telephone. All owners were chosen randomly.

TABLE 25. Ownership and Leasing of Commercial Sites by Business Owner's Place of Residence, 1973.

	Number Owning Site	Number Leasing Site
Sevier County Residents	19	18
Out-of-County Residents	1	13
(No response--8)		

SOURCE: Based on interviews with 59 business owners (11.5 per cent of total) in November and December, 1973. Since these were made in the off season, they essentially represent data for year-round residents. Fourteen out-of-county owners were reached by telephone or at their businesses. All owners were chosen randomly.

LAND OWNERSHIP IN
RURAL SUBDIVISIONS
LITTLE PIGEON DISTRICT
1962

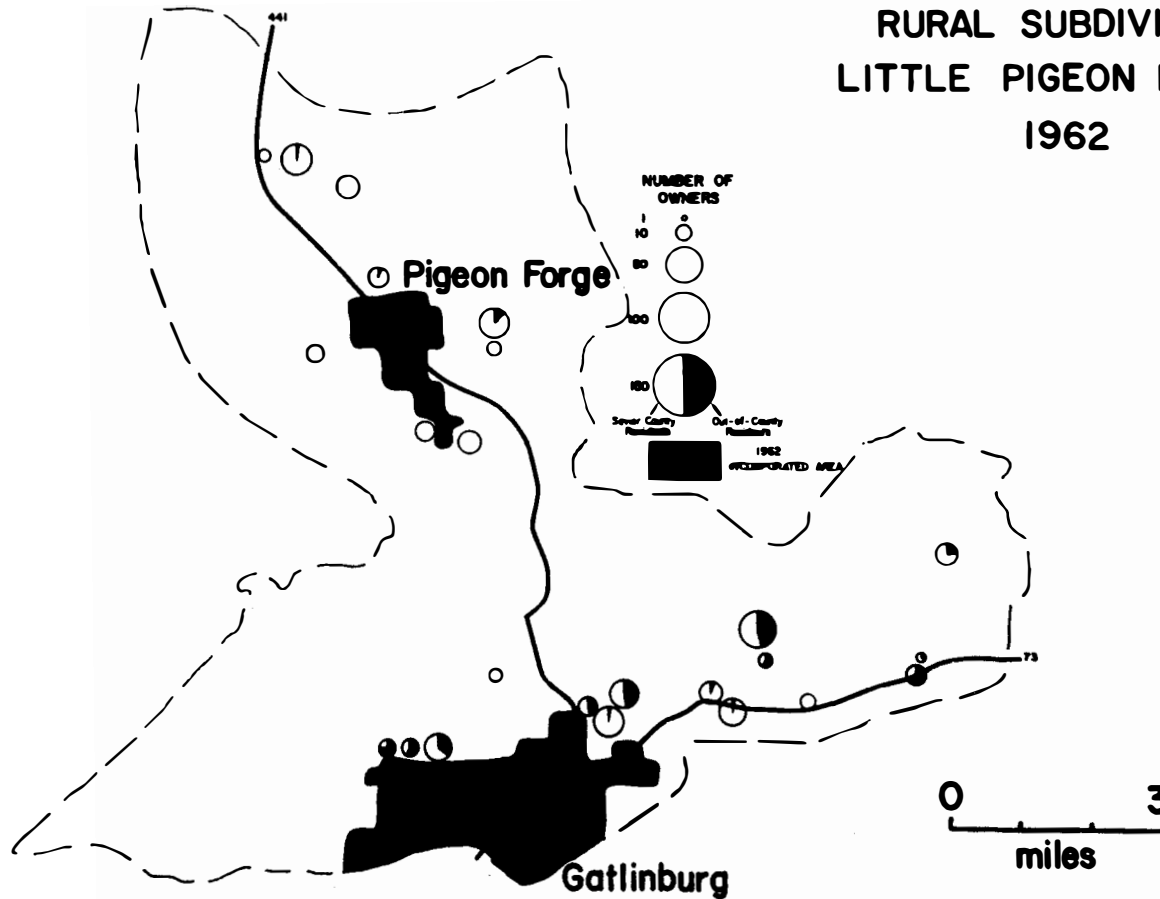


FIGURE 17. Land ownership in rural subdivisions in the Little Pigeon District, 1962.

SOURCE: Compiled from Sevier County tax records.

LAND OWNERSHIP IN RURAL SUBDIVISIONS LITTLE PIGEON DISTRICT 1972

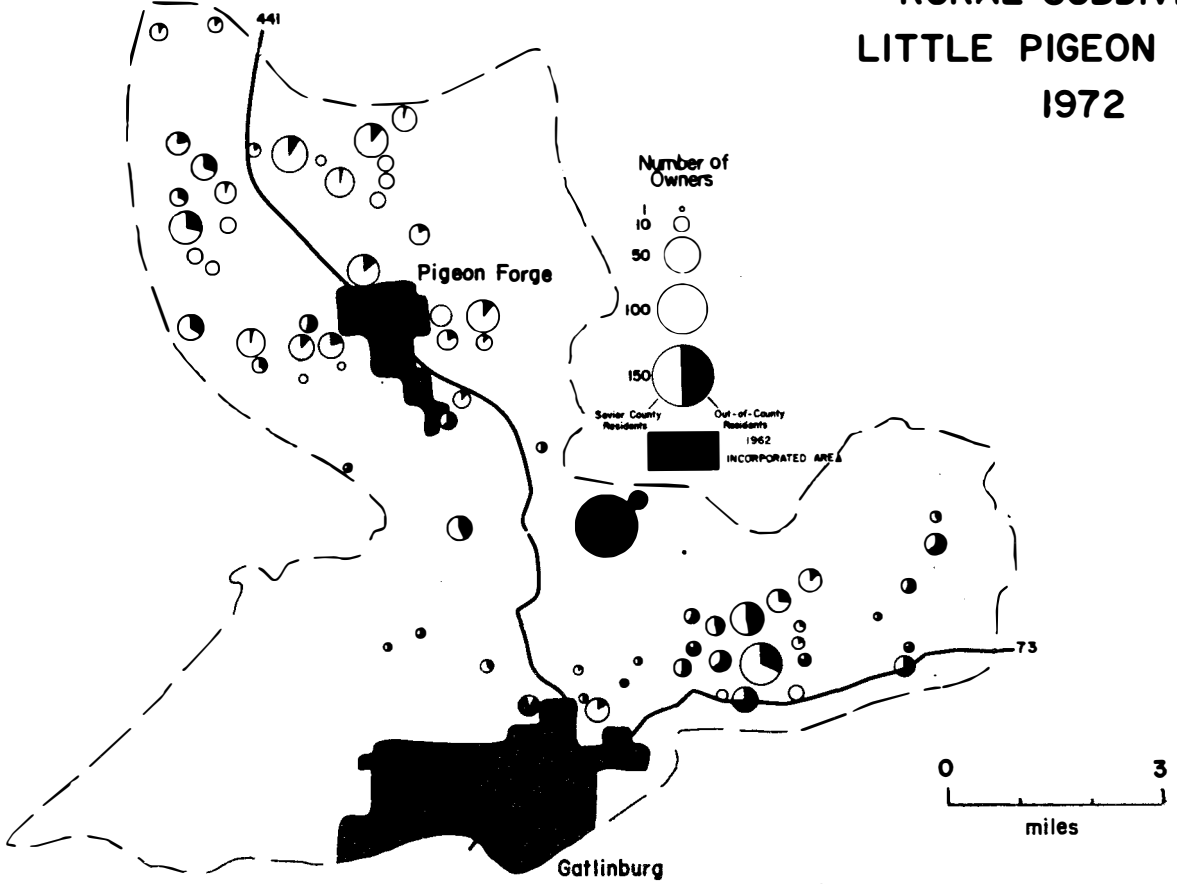


FIGURE 18. Land ownership in rural subdivisions in the Little Pigeon District, 1972.

SOURCE: Compiled from Sevier County tax records.

highly concentrated in certain subdivisions, especially near Gatlinburg. The largest rural subdivision, Sky Harbor, is owned almost entirely by outsiders.

If, indeed, land speculation and subdividing are the primary means by which benefits can be derived from non-commercial land, the ownership of unsubdivided tracts is of crucial importance. Figure 19 indicates that local residents own 21,892 (82 per cent) of the 26,664 acres in tracts larger than one acre in the Little Pigeon District. Figure 20, however, shows that rural land owned by outsiders is concentrated on the peripheries of the fragmented area. Because this is a key location for speculative activity, it appears that outsiders control much of the land from which sizable capital gains are likely in the near future. The 1962 distribution of outside ownership within each district cannot be obtained accurately from tax records, but it is known that outsiders controlled 3,647 acres in unsubdivided tracts then as compared to 4,773 in 1972. They may have been engaging in land speculation for a decade or longer.

The predominance of outsiders among developers of large subdivisions provides further evidence of their participation in land speculation. Table 26 shows that all but one of the developments with more than 200 lots are controlled by newcomers or outsiders.

Outsiders appear to be reaping a sizable portion of the economic benefits accruing as capital gains on non-commercial land. A small group of locals retains control over economic rents on commercial land, but the areal distribution of these benefits is limited. Hence economic

TRACTS LARGER THAN ONE ACRE BY DIVISION AND OWNER'S PLACE OF RESIDENCE, 1962 AND 1972

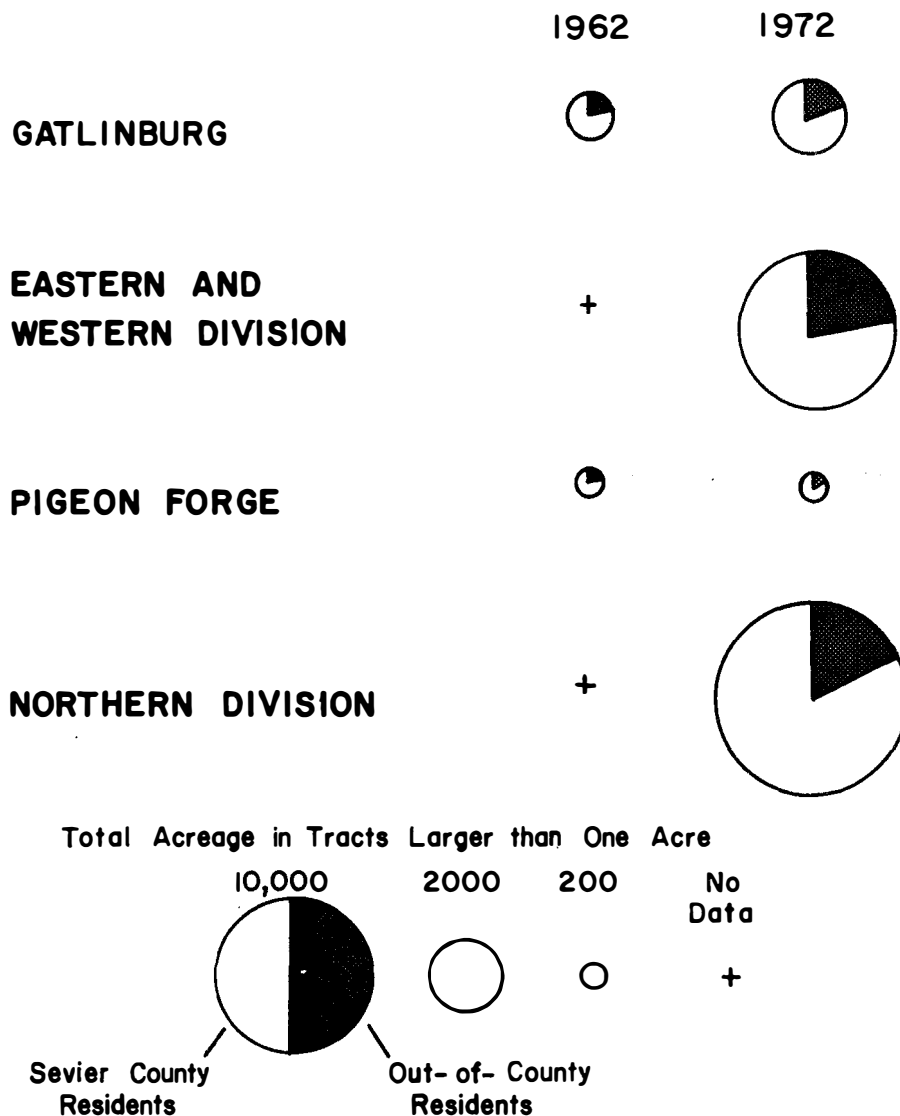


FIGURE 19. Tracts larger than one acre in the Little Pigeon District by division and owner's place of residence, 1962 and 1972.

SOURCE: Compiled from Sevier County tax records.

RURAL LAND OWNERSHIP
LITTLE PIGEON DISTRICT
1972

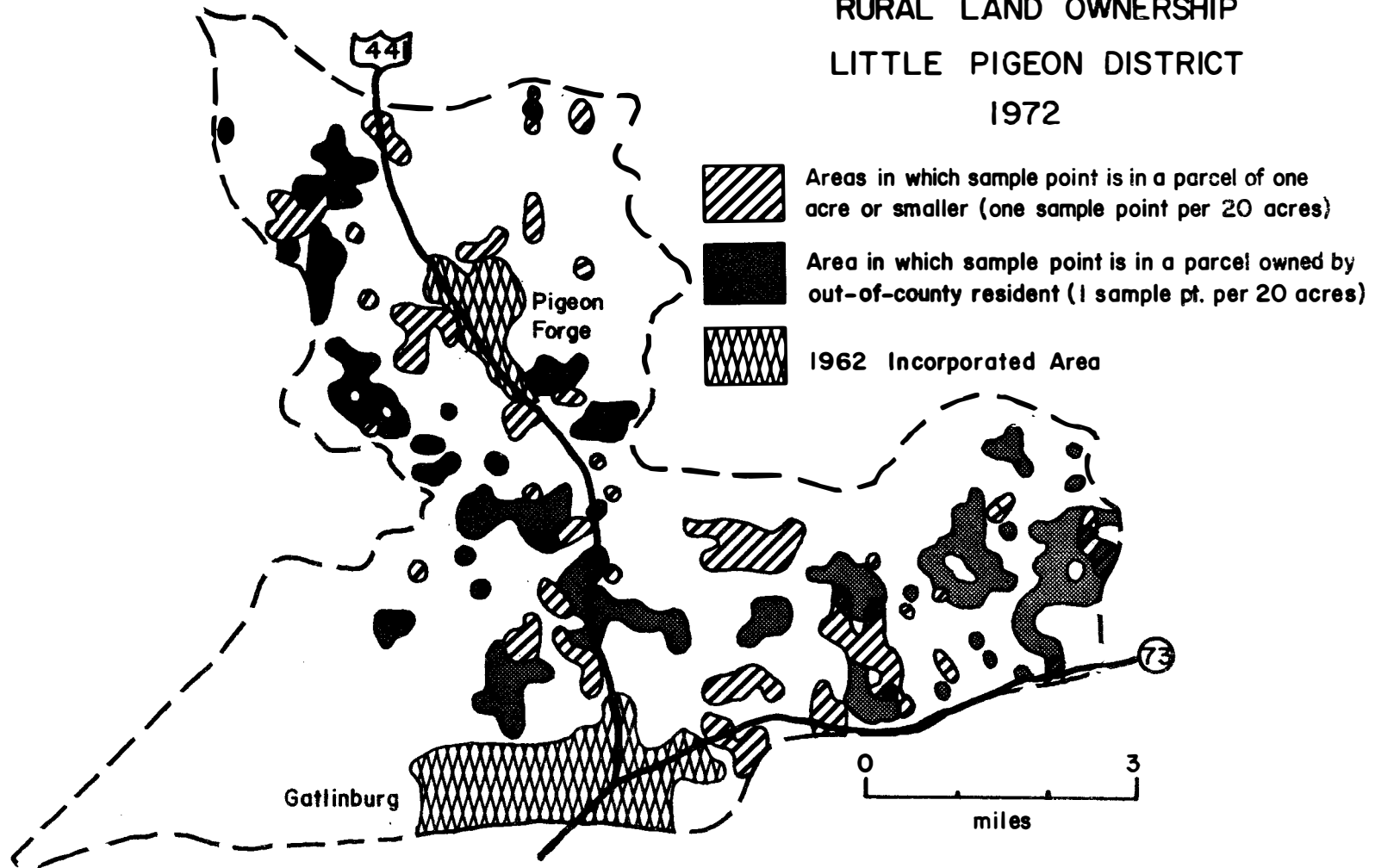


FIGURE 20. Rural land ownership in the Little Pigeon District, 1972.

SOURCE: Compiled from Sevier County tax records.

TABLE 26. Large Subdivisions (More Than 200 Acres) in the Little Pigeon District by Developer's Residency, 1972.

Name of Subdivision	Developer's Residency in Sevier County ^a	Number of Acres ^b	Number of Lots ^b	Lots sold to: ^c	
				Outsiders	Locals
Sky Harbor (including Hidden Valley)	Newcomer (less than 10 years)	455	1154	148	1
Chalet Village	Out-of-county	395	929	Data not compiled	
Chalet Village	Out-of-county	375	440	Data not compiled	
Pinehaven	Indigenous	257	534	4	8

^aInterviews with informed persons and Sevier County tax records.

^bCompiled from plat maps in the Sevier County Register of Deeds Office.

^cSevier County tax records.

growth may not have spread its monetary benefits to large numbers of indigenous landowners.

IV. THE OWNERSHIP OF BUSINESSES

Because entrepreneurs have control over business revenues and normally will not operate without a profit, business ownership is a major means by which monetary benefits can accrue to local residents. Ownership of businesses is a direct measure of participation in the benefits of Gatlinburg's economic growth especially considering the magnitude of recent increases of gross business receipts (Table 8, page 28).

A sample of business owners (Table 27) suggests that about two-thirds of Gatlinburg's businesses are owned by indigenous residents, and an additional 19 per cent are owned by newcomers. The numerical predominance of indigenous entrepreneurs indicates that local residents have been remarkably tenacious in maintaining their control of the town's businesses during its rapid economic growth. The benefits of such ownership, however, vary considerably from one enterprise to another, and it is necessary to consider the types of businesses owned by indigenous people.

Ownership of Motels

The argument as to which factors of production--land, labor, capital, or entrepreneurship--generate the greatest benefits in Gatlinburg has been necessary in order to examine participation in these benefits. Ideally, the most direct measure would be the control of

TABLE 27. Residency of Gatlinburg's Business Owners, 1973.

Owner's Residency in Sevier County, 1973	Number
Indigenous	32
Newcomer (less than ten years)	5
Partnership of indigenous resident and outsider	3
Outsider	<u>6</u>
Total	46
(No response--13)	

SOURCE: Based on interviews with 59 business owners (11.5 per cent of total) in November and December, 1973. Since these were made in the off season, they essentially represent data for year-round residents. Some out-of-county owners were reached by telephone. All owners were chosen randomly.

industries in which returns on all four factors of production flow to the entrepreneur. The motel industry comes close to providing such an ideal indicator. We have already seen that most motel operators own rather than lease their motel sites (Table 25, page 93). In addition, almost all employees are in low-wage servicing roles, and, therefore, wages are a minor drain on the flow of gross receipts. In the smaller motels wages are even less significant proportionally because the owners often perform much of their own labor. Thus the returns on land-ownership, entrepreneurship, and sometimes labor flow to the motel owner. Generally capital is the only significant factor not controlled by the entrepreneur.

The motel industry appears to be a major recipient of Gatlinburg's gross business receipts. Figures are not available by industry in Gatlinburg, but it is known that hotels and motels received \$16.4 million countywide in 1973.¹³ Considering the level of receipts in surrounding counties and the number of hotels and motels in other portions of Sevier County, it is estimated that at least \$15.5 million is attributable to the motel industry of the Little Pigeon District. Hence approximately one-fourth of Gatlinburg's receipts go to motels and hotels.

Of the \$12.5 million committed to new commercial construction in Gatlinburg in 1973, \$11.7 million (94 per cent) was for new motels or additional motel units (Tables 28 and 29). This huge investment must

¹³Tennessee Department of Revenue, Tennessee Sales and Use Tax Collections, Report No. 1, Table C, p. 143.

TABLE 28. Gatlinburg Motel Construction by Owner's Residency and Affiliation, 1963-1973.

Index	Owner's Residency in Sevier County	AFFILIATION			Number of Motels	New Since 1963	Number of Units		Construction in 1973:		
		Independent	Referral Service Member	Chain			1968	1973	Number of Motels Adding Units	Number of Units	Cost
1	Indigenous	a	X		67	25	1059 ^a	1467 ^a	1	2	\$ 7,000
		b	X	X	36	8	1404	1725	1	61	500,000
		c			X	7	4	315	531	1	160
2	Newcomer (less than ten years)	a	X		11	5	162	231			
		b	X	X							
		c			X						
3	Partnership of Indigenous Resident and Outsider	a	X								
		b	X	X							
		c			X	2	2	0	0	2	535
4	Outsider	a	X		6	1	108	170	1	42	416,000
		b	X	X							
		c			X	1	0	138	264	1	144
Total											
					130	44	3186	4388	7	944	\$11,723,000

SOURCE: Compiled from telephone interviews with motel owners, Gatlinburg City Directory, and Building Permit records.

^aNo data for ten motels.

TABLE 29. Cost of New Commercial Construction (Other Than Motels)
in Gatlinburg by Business Owner's Residency, 1973.

Owner's Residency in Sevier County, 1973	Cost of Construction
Lifetime resident or new resident (more than ten years)	\$ 590,900
New resident (ten years or less)	19,000
Outsider	<u>174,750</u>
Total	\$ 784,650

SOURCE: Compiled from Gatlinburg building permits and inter-views with informed persons.

be taken as an indication that the motel industry is the primary income generator in Gatlinburg.

Table 28 presents data on motel ownership indexed according to the degree of local control. Category 1a represents indigenously-owned independent motels, and the degree of exogenous control increases to category 4c which represents chain motels owned entirely by outsiders. The index is based primarily on the owner's place of residence or period of local residency. It is evident that indigenous entrepreneurs predominate numerically; they owned 84 per cent of all motels added in the last decade and 85 per cent of all existing motels in 1973. However, their numerical predominance is diluted by the greater number of units per motel among chain affiliates and the fact that exogenously-owned chains are much larger than indigenously-owned chains (Table 30).

Indigenously-owned independents comprised 77 per cent of the 3186 motel units in 1968, but they decreased to 73 per cent as the number of units grew to 4388 in 1973. The shift toward greater exogenous ownership is even more evident in current motel construction. Chain affiliates account for 89 per cent of the 944 new units under construction, and exogenously-owned chains predominate. Three chain affiliates owned by outsiders or partnerships of locals and outsiders are adding 679 units (almost five times their existing stock) while the 103 indigenously-owned independents are adding only 63 units (approximately 2 per cent of their existing stock). Only a few motels are involved in the new construction, and most of these are owned by large hotel-motel corporations or affiliated with national chains.

TABLE 30. Average Number of Units Per Motel in Gatlinburg by Owner's Residency and Affiliation, 1968-1973.

Index	Owner's Residency in Sevier County ^a	Affiliation: ^{a,b}			Average Units Per Motel ^{a,b}	
		Independent	Referral Service Member	Chain	1968	1973
1	Indigenous	a	X		21.6	25.7
		b	X	X	40.1	47.9
		c		X	63.0	75.9
2	Newcomer (less than ten years)	a	X		20.3	21.0
		b	X	X		
		c			X	
3	Partnership of Indigenous Resident and Outsider	a	X			
		b	X	X		
		c			X	
4	Outsider	a	X		21.6	28.3
		b	X	X		
		c			X	138.0
Total					30.9	38.5

^aCompiled from telephone interviews.

^bGatlinburg City Directory.

Indigenously-owned independents will comprise 61 per cent of the 5332 units when current construction is completed. However, these same independent motels accounted for only 4 per cent of the \$11.7 million committed to new unit construction in 1973. Thus the independent motel group is losing its dominance of the motel infrastructure in Gatlinburg.

Clearly, indigenous people control a declining share of motel ownership. They still predominate numerically as motel owners, but their motels are generally smaller than those exogenously-controlled, and they have almost stopped building additional units. Their share of total motel units decreased from 77 per cent in 1968 to 73 per cent in 1973 and will decline to 61 per cent on completion of construction underway in 1973. Conversely, chain affiliates are on the rise and those with exogenous ownership or part ownership are larger than indigenously-owned chain motels.

These trends in motel ownership suggest that outsiders are enlarging their portion of Gatlinburg's gross business receipts. Furthermore, chain affiliation requires major money exports as franchise fees even if the owners are local residents. It can be concluded that a major source of potential economic benefits generated by Gatlinburg's growth flows outside the local area and accrues to outsiders rather than to the indigenous population.

Ownership of Businesses Other Than Motels

Certain businesses other than motels may generate sizable incomes, but the beneficiaries are less easily identified because the land and

business usually are under separate ownership. Table 25, page 93, indicates that more than two-thirds of these businesses lease their sites.

In 1973 indigenous residents of Sevier County held three-quarters of the investment in new commercial construction other than motels (Table 30, page 106). Though this left outsiders providing a significant portion of new investment, the trend does not point toward the degree of exogenous control that seems apparent for hotels and motels.

V. INDIGENOUS PARTICIPATION IN THE ECONOMIC BENEFITS OF GATLINBURG'S GROWTH

Dick Whaley was quoted recently as saying, "I used to know everybody in town. Now the town is filled with new people who own new businesses--but in most cases the land still belongs to us (the original families)."¹⁴ In August of 1973 he seemed quite confident that the indigenous people were still in control of economic activity,¹⁵ but only four months later he stated that locals could no longer run the town.¹⁶ In view of the preceding data his statements seem quite accurate, and they reflect the rapid turn of events which took place in the motel industry in 1973.

¹⁴Flo Gullickson, "Resorts Must Keep Pace, Says Whaley," The Knoxville News-Sentinel, January 26, 1975.

¹⁵Dick Whaley, personal interview, August, 1973.

¹⁶Dick Whaley, personal interview, November, 1973.

Other entrepreneurs are divided on the question of indigenous versus exogenous control. A random sample of 11.5 per cent of all business owners in Gatlinburg was made to examine their attitudes toward recent changes in the economic control of Gatlinburg. The results of the interviews indicate that more than half of Gatlinburg's business owners saw no change in indigenous control or felt that it had actually increased (Table 31). Many lifetime residents insisted that their control was undiminished while most new residents believed their control had increased at the expense of long-term residents. It seems likely that the greatest rise of exogenous participation was so rapid and recent that most local entrepreneurs had not fully comprehended its implications when the interviews were taken in the Fall of 1973.

Some of the local motel owners have expressed concern for the future of their businesses in the competitive situation being created by current motel construction. In fact, Rel L. Maples, Sr., feels that the town is now overdeveloped in almost every type of business, especially motels.¹⁷ The original families would be hurt economically by a decline of the older motels because many of them are dependent upon motel incomes. Even the major land owners like Dick Whaley and Rel L. Maples, Sr., also own extensive motel interests. Heretofore, business losses might have been offset by rising economic rents, but the potential concentration of motel utilization in fewer, larger motels could lead to a similar redistribution of economic rents. Because the

¹⁷Rel L. Maples, Sr., personal interview, August, 1973.

TABLE 31. Attitudes of Business Owners Toward Recent Changes in the Economic Control of Gatlinburg, 1973.

Owner's Residency in Sevier County (1973)	OWNERS WHO FEEL THERE HAS BEEN:		
	Decreased Indigenous Control in Last 5 Years	No Change in Control in Last 5 Years	Increased Indigenous Control in Last 5 Years
Lifetime	9	13	4
New Resident (More than 10 years)	5	1	
New Resident (10 years or less)	4	1	
Outsider	2	2	
Partnership:			
Part Lifetime	1	2	
Part Outsider	—	—	—
Total	21	19	4
(No response--15)			

SOURCE: Based on interviews with 59 business owners (11.5 per cent of total) in November and December, 1973. Since these were made in the off season, they essentially represent the opinions of year-round residents. Some out-of-county owners were reached by telephone. All owners were chosen randomly.

exogenous motel corporations own their business sites, an increasingly large portion of Gatlinburg's economic rents will flow to outsiders.

If, indeed, land and business ownership are primary indicators of participation in the economic benefits of growth, an increasing major portion of these benefits is flowing to outsiders rather than to indigenous residents. Some economic benefits have accrued to indigenous residents of Sevier County, and major benefits have accrued to a small group of indigenous owners of commercial land. However, out-of-county residents are expanding their control of key speculative land, and they are rapidly increasing their share of Gatlinburg's room accommodations. Hence two crucial sources of potential economic benefit may accrue primarily to outsiders rather than to the indigenous population.

Significantly, the shift of control is occurring just as benefits reach their highest levels with enormous absolute annual increments. For example, annual gross business receipts in 1973 were more than five times those of 1960, when the shift of land ownership began to accelerate, and almost twice those of 1968, when outsiders began to increase greatly their control of room accommodations. To what extent is this shift of control characteristic of economic growth?

CHAPTER V

THE PROCESSES OF RESORT DEVELOPMENT

This chapter focuses on the processes of growth in Gatlinburg in an effort to identify the forces which have most encouraged exogenous participation. If these forces are essential characteristics of development, it will support the contention that the shift of benefits to outsiders is a consequence of rapid economic development, particularly resort development, and that similar shifts can be anticipated in other places where such growth occurs.

I. SETTING THE STAGE FOR RESORT DEVELOPMENT

Gatlinburg's recent growth has been divided into several periods each with its own distinct set of processes and participants (Table 32). Recent growth began with the National Park Service's decision to locate a major park nearby and to build a transmountain highway through Gatlinburg. This action increased Gatlinburg's attraction for tourists and simultaneously forced from park lands a large number of migrants, many of whom settled in Gatlinburg.

After 1930 local entrepreneurs took the initiative and built resort facilities and an urban infrastructure which would accommodate future residents and tourists. They continued to build additional room accommodations, restaurants, and shops with little innovation until 1956. At that time the local public sector became active and was the chief source of innovative facilities for about five years.

TABLE 32. Selected Facilities in Gatlinburg by Date of Construction and Type of Developer.

Type of Facility	Date of Construction	TYPE OF DEVELOPER:			
		Public or Non-Profit		Private or Commercial	
		Local	Out-of-County	Local	Out-of-County
Permanent Settlement	c. 1790			X	
Pi Beta Phi Settlement School	1912		X		
First Hotel	1916			X	
Great Smoky Mountains National Park	1926-1930		X		
Transmountain Highway	1931		X		
Initial Resort Infrastructure	1930-1940			X	
Convention Center (Auditorium)	1956	X			
Gatlinburg Country Club	1957	X			
Sky Lift	1958				X
Ski Lodge	1961	X			
Hunter Hills (Chucky Jack) Theater	1961			X	
First Chain Motel	1962				X
Space Needle	1968			X	
Cable Television	1969				X
First Movie Theater	1972			X	
Aerial Tramway to Ski Lodge	1973				X
First Convention Hotel	1973			X	X

SOURCE: Gatlinburg Chamber of Commerce, Gatlinburg City Directory, and interviews with Zeno Wall, former director, Chamber of Commerce, and other local residents.

During this brief period three major facilities--the Convention Center, Country Club, and Ski Lodge--were added at public expense. Each was intended to broaden Gatlinburg's tourist appeal, and, from all appearances, they were quite successful in accomplishing their purpose.

In the most recent decade outside entrepreneurs have become active in Gatlinburg's development for the first time. Local entrepreneurs have become innovative again, but the new facilities developed by locals are smaller and less crucial to economic development than those added by outsiders.

Clearly, each successive stage of growth has built upon all that has gone before it. It is doubtful, for example, that the efforts of early entrepreneurs would have succeeded to such a degree if the park had not been established. Similarly the profusion of new amusements in recent years would have been infeasible without the masses of tourists attracted by earlier development. In short, the recent participation of exogenous entrepreneurs is based on and is an outgrowth of earlier development initiated and controlled by the indigenous population.

II. THE GROWTH OF GATLINBURG'S ECONOMIC SYSTEM

Because the shift toward outside control coincides with the period of greatest revenue growth, it is worthwhile to examine the relationship between the two. The growth of revenues has been exponential, thereby making absolute increases especially large in the most recent years as compared to the pre-1960 period. Gross annual business receipts have grown to \$49.8 million in 1973 as compared to only \$9.2 million in 1960 (Table 8, page 28). Undoubtedly the large

exogenously-owned enterprises added to this income, but they were a small portion of total businesses until 1973, which is well after substantial growth had already been accomplished. It might be logically concluded that receipts would have been substantial with or without the help of large exogenously-owned enterprises. Rather than causing the major growth of receipts, they probably were attracted by it.

That rapid exponential rates of growth do not, in themselves, attract exogenous participation until the absolute increments become quite large is shown by the situation in Pigeon Forge. Though it and Gatlinburg have exhibited about the same rapid rates of growth and have access to similar tourist volumes, Pigeon Forge has much smaller volumes, measured either by businesses or revenues. Tables 33, 34, and 35 show that exogenous control has not developed in Pigeon Forge; new residents and outsiders comprise less than 20 per cent of the business owners and control only about 7 per cent of the motel units under construction in 1973. Partnerships between locals and outsiders have not been formed, and chain affiliation is minimal. New residents predominate in new commercial construction other than motels, however, and may presage a shift toward greater exogenous participation.

Elsewhere in the United States there are numerous examples of recreational places even smaller than Pigeon Forge which are controlled by exogenous corporations. In fact, it is difficult to name a major resort which did not have exogenous participation at a very early stage of its development. Las Vegas began its resort growth with a major hotel and casino owned by Benjamin (Bugsy) Siegel, an Eastern

TABLE 33. Residency of Pigeon Forge's Business Owners, 1973.

Owner's Residency in Sevier County	Number
Indigenous	67
Newcomer (ten years or less)	7
Outsider	<u>8</u>
Total	82

SOURCE: Compiled from Pigeon Forge business license records and interviews with informed persons.

TABLE 34. Cost of New Commercial Construction (Other Than Motels) in Pigeon Forge by Business Owner's Residency, 1973.

Owner's Residency in Sevier County	Cost of Construction
Indigenous	\$ 95,000
Newcomer (ten years or less)	248,600
Outsider	<u>71,000</u>
Total	\$ 414,600

SOURCE: Compiled from Pigeon Forge building permits and interviews with informed persons.

TABLE 35. Pigeon Forge Motel Construction by Owner's Residency and Affiliation, 1963-1973.

Index	Owner's Residency in Sevier County		AFFILIATION			Number of Motels	New Since 1963	1968 ^a	1973	Construction in 1973:		Cost
			Independent	Referral Service Member	Chain					Number of Motels Adding Units	Number of Units	
1	Indigenous	a	X			19	18		795	2	48	\$ 144,000
		b	X	X		8	6		494	2	b	257,000
		c			X	1	1		80			
2	Newcomer (less than ten years)	a	X			1	1		23			
		b	X	X		1	1		20			
		c			X							
3	Partnership of Indigenous Resident and Outsider	a	X									
		b	X	X								
		c			X							
4	Outsider	a	X			1	1		21	1	12	36,000
		b	X	X								
		c			X							
Total					31	28		1433	5	60 ^b	\$ 437,000	

SOURCE: Compiled from telephone interviews with motel owners and Building Permit records.

^aNo data.

^bNo data for two motels.

mobster.¹ Sun Valley, Idaho, was established in 1936 by the Union Pacific Railroad.² Aspen, Colorado, was a small mining town when industrialist Walter Paepke began its development as a ski resort in 1945.³ Coral Gables, Hollywood-by-the-Sea, Miami Beach, and Davis Islands, Florida--all were begun by exogenous developers.⁴ The evidence suggests that such corporations with sufficient expertise and capital can create a recreational place almost at will as long as there is a reasonable demand for their resort services.

Undoubtedly, however, there is an advantage to locating in an area which already has a resort image and flow of tourists. Large recreational enterprises are sometimes attracted to small recreational places or even to uninhabited areas, and they are unlikely to forego opportunities in larger expanding resorts like Gatlinburg. Quite possibly there is an upper limit of resort size beyond which participation by exogenous corporations is inevitable. The proposition that outside-owned enterprises were attracted by the recent growth of economic indicators in Gatlinburg seems reasonable because all of the new facilities depend on large volumes of trade. Sufficient volumes were reached during the late 1950's and early 1960's, and the town became attractive to outside entrepreneurs. Probably the successful

¹Laxalt, op. cit., p. 753.

²William S. Ellis, "High-Stepping Idaho," National Geographic, Vol. 143, No. 3 (March, 1973), p. 307.

³Durrance, op. cit., p. 806.

⁴Allen, op. cit., pp. 228-229.

operation of the Holiday Inn--the first large exogenously-owned motel in Gatlinburg--convinced other such corporations that the town was a suitable location for their branches. They even over-reacted, thereby creating an excessively competitive situation.

In view of the sustained rapid growth and the resort image of Gatlinburg, one might ask why it did not attract corporate enterprises at an even earlier stage. Certainly the town was known throughout the Eastern United States by the early 1940's as a result of Ernie Pyle's syndicated articles in Scripps-Howard Newspapers⁵ and President Franklin D. Roosevelt's dedication of the Great Smoky Mountains National Park. Moreover, the town could hardly have had a more prestigious introduction to corporate circles than through John D. Rockefeller, Jr., who donated more than half the money for the park and once visited Gatlinburg in the early period. The resort's potential should have been obvious from rising park visitation before and after World War II (Figure 2, page 17), and yet no large corporations were attracted there until the 1960's.

The town's reputation for tight control by locals may have deterred some outsiders, but any large corporation with serious intentions of investing there probably would have found land for sale in or near the business district. Furthermore, it seems logical that it would have been easier for exogenous developers to overwhelm the local business infrastructure at that early stage than at the more advanced stage of growth in the 1960's and 1970's.

⁵Pyle, op. cit.

A more likely reason for the early reluctance of large recreational enterprises to locate in Gatlinburg was the "quiet village" image which the town's promoters deliberately projected. It was primarily a nature-oriented resort, and, according to the early entrepreneurs, its clientele consisted mostly of sedate middle-class families. Unlike most resorts, the town was very intolerant of any type of "rowdiness" and has never even legalized mixed-drink sales. In contrast, the resort image projected by most recreational corporations is a youthful, exuberant atmosphere of relatively unrestricted freedom, and they usually seek a clientele more youthful or more wealthy than that of Gatlinburg in the early period.

The "quiet village" image began to change in the early 1960's, due partly to the sheer size and congestion of the resort. It seems reasonable that another major factor was the establishment of the Ski Lodge in 1961. The Chief of Police as well as many local entrepreneurs feel that its establishment attracted a new, more "rowdy" clientele.⁶ More importantly the image of Gatlinburg as a "ski resort" may have been much more compatible with the image preferred by large recreational enterprises. Hence the new image and the large absolute volumes of economic indicators may have combined in the 1960's to make Gatlinburg attractive to exogenous corporations.

⁶W. B. Ogle, Gatlinburg Chief of Police, personal interview, August, 1973.

III. VISITATION GROWTH AND THE RISE OF CHAIN MOTELS

It may have been the growth of annual visitation which most favored a shift toward exogenous control of the motel industry in Gatlinburg. It seems likely that exogenous motel corporations were attracted by the potential volume of trade apparent after 1960. During peak tourist seasons, accommodations in Gatlinburg were often filled to capacity because motel infrastructure had not kept pace with the rising demand for lodging. Chain motels offered assured lodging through their national reservation systems while most independent motels had no such service.

More importantly, the additional visitation consisted of a large number of first-visit tourists who were unfamiliar with the town and its independent motels. Probably many of these first-time visitors were attracted to the more familiar chain motels where a certain degree of quality could be counted on. In these circumstances the indigenously-owned independent motels, particularly those without a national referral connectivity, are less competitive than chain motels.

As a matter of conjecture, one must consider the possibility that utilization of the older, independent motels remains highly dependent on the traditional market of park visitors. Many operators of these motels report that return visitors are a major portion of their clientele, but the specific link to park visitation has not been established by this research. If such a link does exist, it could explain the recent lack of new construction among such motels. A relative, if not absolute, decline of room utilization might be expected

because annual visitation to the park increased by only 5 per cent from 1968 through 1973 while the total number of motel units rose by 67 per cent (Figure 2 and Table 28, pages 17 and 103, respectively). Data on utilization of individual motels are difficult to obtain, but one of the indigenously-owned, high-quality motels of Gatlinburg released the figures shown in Table 36. These data indicate a significant drop in July visitation from 1751 room-days in 1969 to 1356 in 1973. Five other independent motel owners stated that their peak visitations were prior to 1973. Thus actual utilization in certain of the older motels may approximate that which would be predicted from faltering park visitation growth and accelerating motel-unit growth.

Local entrepreneurs were further restricted by the amount of capital available locally. The cost of all commercial construction in 1973 was equal to one-quarter of Gatlinburg's gross business receipts that year (Tables 8, 28, and 29, pages 28, 103, and 104, respectively). Capital for such a large investment was not available in Gatlinburg. Large corporations operating in a regional or national capital market were able to acquire the necessary funds, but most local entrepreneurs had poorer access to exogenous capital and were unaccustomed to borrowing such large sums. Only one locally-owned, independent motel underwent construction in 1973 exceeding the \$150,000 limit on loans by local banks.

Clearly, chain motels are in a position to dominate the motel industry of Gatlinburg. Their national images in terms of facilities and their national reservation systems enable them to attract clientele regardless of trends in park visitation and use of the pre-existing local motels.

TABLE 36. Utilization (July House Count) of One of the Indigenously-Owned, High-Quality Motels in Gatlinburg, 1968-1973.

Year	July House Count (room-days)
1968	1726
1969	1751
1970	1710
1971	1614
1972	1500
1973	1356

SOURCE: Confidential information obtained from owner.

IV. LAND SALES SCHEMES AND THE EXOGENOUS MARKET

It has been shown that outsiders are actively engaging in land speculation on the peripheries of the fragmented area in the Little Pigeon District, and an examination of data on subdividing activity indicates that exogenous developers control three of the area's four largest subdivisions (Table 26, page 99). Because most buyers are exogenous individuals, it is reasonable to assume that a large portion of all land sales are between outsiders both as buyers and sellers.

Furthermore, the value of the land being sold is enhanced far beyond its intrinsic value in the local economy by the demand of outsiders. In the large promotional subdivisions and in some of the smaller subdivisions developers are able to purchase land at the low value set by local standards and create an exogenous demand through regional or national advertising. Stroud has shown that promotional activities are the largest expenditures in subdivisions of this type.⁷ Indigenous landowners receive a comparatively low price for undeveloped tracts since most of the value is later created by the developer. The appeal to exogenous buyers may be aided by the subdivision's proximity to Gatlinburg and the Great Smoky Mountains National Park, but it is relatively independent of any purpose the land has served or may serve in the local economy.

⁷Hubert B. Stroud, "Amenity Land Developments as an Element of Geographic Change: A Case Study, Cumberland County, Tennessee" (unpublished Doctoral dissertation, The University of Tennessee, 1974), pp. 85-87.

V. RESORT GROWTH AND RURAL DEVELOPMENT

Resort development often has been suggested as a means of improving rural economies where few alternative commercial activities seem feasible. The Gatlinburg example indicates that indigenous people reaped most of the benefits of early development when "mom and pop" businesses predominated. Some indigenous owners of commercial land or skilled business managers have continued to participate in the benefits of later development, but a shift of control to outsiders began when absolute increments of annual revenues and visitations became great enough to attract large recreational enterprises. The recent high level of income is based on the earlier years of investment and effort, but the indigenous residents who established the conditions of initial growth are not reaping the greater rewards of the recent large absolute growth.

The benefits of Gatlinburg's growth were essentially complete for indigenous people by the mid-1960's. Overall benefits to them have been quite limited since about 1968. In terms of improving indigenous economic welfare, much of the growth since that time has been merely "growth for growth's sake." The concern here is that the continued processes of resort development sooner or later may harm the economic welfare of many indigenous entrepreneurs and land owners through their loss of control over land and businesses.

Tourist-oriented businesses seem particularly susceptible to exogenous control because their clientele consists of outsiders who may eventually demand familiar services. The rise of chain motels in

Gatlinburg, for example, may be viewed as an exogenous demand for exogenous services. Who then is likely to provide these services? The experience in Gatlinburg suggests that outsiders are in a more competitive position to fill this role.

The outsiders' competitive advantage is consistent with the principles of entrepreneurial innovation and diffusion which have been discussed by Pred⁸ and Thompson.⁹ These writers point out that information generally flows from the national economic system to the smaller local economies because the majority of innovations occur in large urban areas. Even if a new entrepreneurial technique or facility is discovered in a rural area or small town, its dissemination usually takes place through the larger interurban system rather than directly from small center to small center. Entrepreneurs operating in the interurban economic system have greater access to the flow of information and are thereby more competitive in responding to rising demands for a particular service.

The shift to exogenous control in Gatlinburg appears to be a fundamental aspect of its stage of exponential growth. The large absolute increments after 1960 probably mark the point at which Gatlinburg became a viable part of the national economic system and a specialized extension of the highly interconnected system of large metropolitan centers. It now has a destiny more and more tied to the larger interurban economic system. Because its clientele is exogenous and its

⁸Pred, op. cit., p. 92.

⁹Thompson, op. cit., pp. 23-24 and 49-50.

entrepreneurs are increasingly exogenous, Gatlinburg is becoming a place for outsiders to do business with outsiders. The characteristics of the motel industry and most of the land sales activity reveal that Gatlinburg is the location of much activity which does not involve local residents and is not predicated on values established by the local economy.

Considering the processes discussed above, resort development seems to have improved the overall economy of Gatlinburg without necessarily providing commensurate benefits to the majority of indigenous residents. Furthermore, the shift of benefits to outsiders appears to be a fundamental characteristic of advanced growth which probably can be expected wherever similar development takes place.

CHAPTER VI

CONCLUSIONS

The concerns expressed in Chapter I are warranted fully by the evidence presented in Chapters II through V. Economic growth has produced considerable impact on the role of Gatlinburg's indigenous population through a series of relationships involving land fragmentation and land and business ownership change. The early years of resort development involved investment risk and personal sacrifice as indigenous residents set the stage for future growth, but indigenous participation decreased as long-term benefits reached their highest levels. Such a transfer of economic control to newcomers and outsiders is not anticipated by most regional growth models, but is consistent with other examples of pioneering activity.

I. THE PIONEER MODEL

Gatlinburg's indigenous resort entrepreneurs are analogous to pioneer settlers of developing agricultural regions who so often have lost economic control to later immigrants. The first wave of immigrants are the experimenters whose risks are great and benefits uncertain. Many early farmers give up their efforts to make farms out of unknown resources, and others fail to become economically viable. The least-competitive farmers are replaced by later waves of immigrants who reap the benefits of previous improvements to the land and are thus more likely to succeed. Later settlers become the beneficiaries of efforts

expended by the early experimenters, and land and business control are passed to them in a chain of processes which may be characterized as the pioneer model.

Broadly stated, the change in control of Gatlinburg's land and businesses is an example of sequent occupance involving separate culture groups. The older system was operated by independent local entrepreneurs with hardly any linkages to the interurban economic system. They were tied together by a community infrastructure similar to that of most small towns throughout America. The tourist market consisted of visitors to the park and others attracted by a "quiet village" image created by community promotion and disseminated primarily by word-of-mouth contacts. The system worked quite well, and local entrepreneurs prospered increasingly from 1930 to the mid-1960's.

Even as locals were enjoying their greatest prosperity in the 1960's, the change toward exogenous control had already begun. The new enterprises were linked inextricably with the national economic system, and, in fact, they were the operatives of that system. The new regime was superimposed on all that had gone before it. Its enterprises used the local infrastructure, but their interests were largely incompatible with those of local entrepreneurs. For example, the trend toward larger, but fewer enterprises left little opportunity for the bulk of indigenous businessmen whose skills and financial assets are adequate for "mom and pop" businesses but not for large corporate endeavors.

In an emotional appeal for local self-reliance, West has complained that "Southern Appalachia is a colonial possession of

Eastern based industry."¹ Pred states, "The metropolitan areas and cities within backward and depressed regions of advanced economies almost always stand in a "colonial" relationship to the remainder of the national system of cities."² He and Hale³ feel that the major urban centers within Appalachia are examples of such a relationship. The situation in Gatlinburg supports their claims in an economic though not political context. The subordination of Gatlinburg's economy to the interurban economic system is similar to the subordination of political colonies to their mother countries. As in Gatlinburg, the economic activity of colonial economies tends to be predicated on exogenous values, and the major transactions often are between exogenous buyers and sellers.

Pred views large corporate enterprises like those in Gatlinburg as major job-providing organizations with the capacity to dominate local employment in developing areas.⁴ In this same vein Ashcraft states, "Characteristically, people in underdeveloped areas have had to adjust or adapt their habits, labor patterns, and life styles to the requirements imposed by metropolitan-based industries, or by metropolitan

¹Don West, "Romantic Appalachia," in Appalachia in the Sixties, ed. by David S. Walls and John B. Stephenson (Lexington: The University Press of Kentucky, 1972).

²Allan R. Pred, Major Job-Providing Organizations and Systems of Cities, Commission on College Geography, Resource Paper No. 27 (Washington: Association of American Geographers, 1974), p. 62.

³C. W. Hale, "Employment Spread Effects in Appalachia and the South," Growth and Change, Vol. 3 (1972), pp. 10-14.

⁴Pred, Major Job-Providing Organizations, op. cit., p. 62.

powers themselves."⁵ Similarly Gatlinburg's entrepreneurs may have to adapt to the operational practices of large recreational enterprises in order to remain competitive with them. Many have been unwilling or unable to do this.

If the pioneer model works in most growing systems as it has in Gatlinburg, it may offer an effective counter-argument to unlimited growth. Cultural and physical change have been and continue to be rationalized on the basis of the pervasive notion that economic growth invariably improves human welfare. Much of the change is increasingly perceived as environmental damage, but ecological concerns have proved to be no match against the desire for economic attainment. Local residents may deplore the destruction of their landscape and the passing of familiar traditions, but they generally concede that such sacrifices must be made for the economic good of the community. Local decision-makers probably would seek more manageable rates of growth if they knew that most of the long-term benefits of rapid growth accrue to newcomers and outsiders.

II. VALUES IN ECONOMIC DEVELOPMENT

How can one judge the value of Gatlinburg's most recent development? At best it does not meet the requirements of Pareto optimality since indigenous participants may have sustained losses of

⁵Norman Ashcraft, Colonialism and Underdevelopment: Processes of Political Economic Change in British Honduras (New York: Teachers College Press, 1973), p. 167.

economic welfare.⁶ The typical reaction to a shift of benefits to outsiders such as that in Gatlinburg is that it is somewhat unfair. A conventional sense of fairness would require that those who make sacrifices and take risks should reap the benefits of their efforts, but "fairness" has never been established as an economic principle. Indeed, the pioneer model indicates that later participants often receive the major rewards of efforts expended by earlier participants. Neither is there any objective basis to state that indigenous control is inherently more equitable than control by outsiders or newcomers.

Most economists prefer to discuss economic activity as if it were totally objective and valueless. Yet each decision in the daily operation of an economic system is tempered by the values of its participants, and major value judgments must be made whenever an economic development program is imposed on an area. In the latter context it seems desirable that decision-makers should be aware of the possibly adverse impacts which may accompany growth such as that of Gatlinburg and should be prepared to deal with the value judgments involved.

III. THE EFFECTIVENESS OF REGIONAL GROWTH PROGRAMS

The loss of indigenous control over local economic activity in the pioneer model questions the effectiveness of all regional development programs since per capita indicators can no longer be used as ipso facto measures of long-term benefits accruing to indigenous people. The case of Gatlinburg and the pioneer model support Hansen's and

⁶Pareto, op. cit., pp. 617-618.

Winnick's concerns that development programs may improve the economies of local areas without helping most indigenous residents and challenges the content and orientation of regional growth models. The economist's admission that he cannot evaluate social impact would seem to demand that there be greater participation by social scientists in regional development programs. Growth models must include social factors as production outputs if the improvement of individual welfare is their goal.

In view of the Gatlinburg experience, it is evident that growth stimulators can be highly selective in their impacts on various culture groups. All of their characteristics vary from one form of development to another and are likely to cause different types and degrees of social impact. For example, the establishment of a large municipal airport or defense installation may produce greater social impact than resort development because of even larger land requirements and more rapid rates of growth. Social impact varies even within resort development since entry costs and land requirements range from those of "mom and pop" tourist businesses to large second-home subdivisions. In Gatlinburg, for instance, the major shifts to exogenous control came after 1960 when the size of resort enterprises increased nationally and locally.

What can be done to improve the effectiveness of regional growth models? If economic growth is to serve a useful purpose, development programs must begin with clearly-stated goals, and growth stimulators must be chosen for their effectiveness in achieving these goals.

Programs must focus not only on target areas but primarily on target

people identified by their needs. Regional planners must examine the specific characteristics of various growth stimulators in regard to their effects on the target population and others.

The goal of increased per capita income ignores the structure of income distribution which varies considerably from one type of development to another. For example, industrial development concentrates on the wage-earner, while forest production chiefly benefits land owners and entrepreneurs. Resort development such as that of Gatlinburg may benefit a small group of local entrepreneurs having the capital and expertise to compete with outsiders, but growth may simultaneously displace the majority of small local business owners. In each case the effects result from a combination of attributes such as system size, land requirements, entry costs (compared to capital available locally), and exogenous attractions.

The Gatlinburg example suggests that the related factors of growth rate and system size are important determinants of social impact. A rapid rate of growth accelerates the need for exogenous inputs of capital and labor and increases the system's attractiveness to outside entrepreneurs. Extremely rapid rates may exceed the capacity of indigenous people to adjust to new commercial situations thus giving experienced exogenous entrepreneurs a comparative advantage. The size of the system affects its image and attractiveness to outsiders and may influence the size of component enterprises. A large, rapidly expanding system is likely to attract large, exogenously-controlled enterprises as certain economies of scale become possible. This trend is especially noticeable in Gatlinburg's new motel construction where large

enterprises appear to be most competitive. Conversely, economic growth paced according to the adjustment capacity of the target population should permit indigenous people to retain control of local economic activities.

An inherent problem of many rural development programs is that they entice large corporate enterprises into areas with essentially no history of commercial activity. Tourism is especially touted as a growth stimulator for regions in which no other commercial activity seems feasible. The entry costs of "mom and pop" tourist businesses may have permitted indigenous control prior to 1960. Since that time tourism has grown in importance nationally, and tourist industries have increased in size. The large corporate enterprises of today are likely to have less indigenous participation because their entry costs and levels of expertise generally exceed those available locally.

An emphasis upon economic improvement for local people rather than local areas necessitates consideration of the attraction each growth stimulator has for outsiders. New residents may be a functional part of the development program, but they should not be allowed to displace the target population. Measures of success should relate specifically to the target population and should not be obscured by benefits flowing to others. As this study has shown, rapid resort development is highly attractive to outside entrepreneurs and land purchasers once the place has a regional or national image and its real or potential tourist volumes support large enterprises.

The Gatlinburg experience indicates that land ownership is a useful measure of participation in long-term benefits accruing from

economic growth. This finding implies that land requirements are a significant aspect of each growth stimulator since new land uses may require land sales to exogenous entrepreneurs and residents. The process is most obvious where large amounts of land are required as in reservoir or new-town construction, but it occurs to varying degrees in all types of development. The appreciation of land values makes land sales an attractive source of income for indigenous land owners, and increased tax assessments may force some land owners to sell. The seller may find that such windfall profits are illusory when he tries to reinvest in comparable land.

IV. CONTINUING RESEARCH

This research has focused upon a relatively small area, but the processes operating in Gatlinburg suggest the need for expanded studies of economic growth in regions of all sizes. The applicability of the pioneer model should be tested at every decision-making level of the areal hierarchy. What are the implications of subregional growth to the larger region? Local people are participating less and less in Gatlinburg's economic activity, but Gatlinburg's growth may have added to national welfare since virtually all its land and business owners are indigenous residents of the United States.⁷ Heretofore economic growth has been perceived as desirable at every decision-making level, but the operation of the pioneer model could lead to conflicts between local,

⁷Winnick questions even this premise since much of the growth evident in Gatlinburg could have taken place at another site within the larger region. Winnick, *op. cit.*, pp. 273-283.

state, and national interests similar to those now encountered in the placement of noxious facilities. Regional growth programs will have to address these conflicts, and the issue will be more easily resolved if the target population resides in the impacted area.

Does exponential growth of an entire system require exogenous inputs at all levels of the areal hierarchy? There are indications that it does but with greater and greater restrictions on the availability of exogenous resources. As region size increases so does the degree to which each economic system is closed to exogenous participation because of political barriers and frictions of distance. Interaction between regions is greatest at the local level and is substantial at the state level, but international restrictions significantly limit exogenous participation in national economies, and the global economy is essentially a closed system.

Global growth and its limits currently debated in scientific and popular literature may well be an extension of the processes observed in Gatlinburg. Malthus treated the ultimate limit as a function of world population,⁸ but Meadows and others have noted that industrial capital per capita is equally important.⁹ The development of a region usually involves increases in capital per capita, as well as total population,

⁸Thomas R. Malthus, An Essay on Population, Vol. 1: Checks on Population (London: J. M. Dent and Sons Ltd., 1958), p. 5.

⁹Dennis L. Meadows et al., The Limits to Growth (New York: The New American Library, Inc., 1972), pp. 45-51.

and increases the demand for indigenous resources. The two factors are inversely related according to the formula:

$$P \times k = K \leq R_I + R_E .$$

Where: P = Total Population of Region
 k = Capital per capita
 K = Aggregate Capital
 R_I = Total Indigenous Resources
 R_E = Imported Exogenous Resources

The world region is unique only in that the possibility of exogenous inputs is practically nonexistent.

Viewed in this perspective it appears that global growth has been limited whenever the expanding system has exhausted its resources at a given technology. World population growth rate has declined significantly four times since 8000 B.C., and in each case more rapid rates ensued when resources were redefined by advancement of technology or improved systems of societal organization. Smaller regions have frequently exhausted their resources and decreased their economic or population growth rates or have turned to exogenous resources and control.

Toynbee has suggested that many "developing" nations of today are, in a sense, "overdeveloped" since most of the problem areas were once centers of early civilizations.¹⁰ In nations such as India and Egypt

¹⁰Arnold J. Toynbee, A Study of History, Vol. IX (London: Oxford University Press, 1954), pp. 287-295.

population growth increased aggregate capital to the limits of indigenous resources and the regions retrogressed to colonial status and exogenous control. Advances in technology have continually redefined resources, and certain regions, notably the mideast with the rising demand for oil, have begun a new ascent.

A closed system can operate efficiently as long as indigenous resources are sufficient, but this research suggests that rapid growth eventually requires exogenous resources and expertise. The degree to which a system is open or closed is critical to sustained exponential growth. National economies have traditionally operated as semi-closed systems, but Brown and others have emphasized the need for greater interaction between nations facing growing shortages of indigenous resources.¹¹ Brown notes that multi-national corporations effectively open national economies to exogenous interaction,¹² but Stone feels that the closing of national borders may be accelerated as global limits to growth are approached.¹³ The projected global limit results from the simultaneous overdevelopment of aggregate capital in all the world's major regions since no mechanism for large extra-terrestrial inputs is currently available. Once that point is reached, global growth can be sustained only through a substantial redefinition of resources based on even higher technologies than those of today.

¹¹Lester R. Brown, World Without Borders (New York: Random House, 1972).

¹²Ibid., pp. 209-229.

¹³Kirk H. Stone, personal interview, November, 1972.

The processes by which growth and decline of an area take place relative to the depletion of major resources can be identified as a critical focus for future research. Historical studies through a broad range of system sizes could result in a more specific model of economic growth in regard to the impact of technology, resource availability, and characteristics of growth stimulators. An attempt should be made to define the levels of growth rate and system size at which exogenous control is most likely in each region.

The data presented in Chapters IV through V bolster Fried's contention that land ownership and tenure are keystones of cultural dominance.¹⁴ Commercial- and potential commercial-site ownerships are especially influential on the balance of control between rival cultures. Yet, studies of resort development and other economic growth have largely ignored social impact with the excuse that it cannot be measured objectively. This study suggests that land and business ownership are measurable indicators of culture change which should be applied to other types of economic growth through a wide range of region sizes.

Resort development itself requires additional research because of its significant cultural and physical impacts. Recreational activity often centers on areas whose cultures are marginal to the dominant national culture. The acculturation of indigenous residents into the dominant national culture and the assimilation of new residents into resort cultures appear to be fruitful areas for future research. To

¹⁴ Imre Sutton, review of Red Man's Land/White Man's Law, by Wilcomb E. Washburn, The Geographical Review, Vol. 63, No. 3 (July, 1973), p. 414.

what extent does economic growth encourage cultural contacts and land and business ownership change? Resort development may be especially influential in this regard because of its large land requirements and because tourism by definition involves exogenous contacts.

Social costs such as a rising crime rate and the loss of control over one's surroundings may be among the most important impacts of rapid development. Discussions with Gatlinburg's residents reveal the need for a detailed analysis of social costs and benefits resulting from economic growth.

The important process of landscape change has not been addressed explicitly by this study. Economic growth and landuse change have produced considerable landscape change and environmental impact in the Little Pigeon District. Gatlinburg's image as a picturesque mountain village has suffered, and Pigeon Forge has given way to tourist strip development typical of Florida's resorts. Many local businessmen feel that Gatlinburg's clientele has changed because of its new commercial image. Future research should examine the possibility that continued growth is not compatible with the amenity image and resultant tourism which have stimulated Gatlinburg's economy from 1930 to the present.

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