Abstract
In this study a traditional society is treated as an agricultural, single sector type and possessing a particular economic equilibrium. It is an equilibrium at which agriculture, under certain conditions, will eventually become established. The critical conditions underlying this type of equilibrium are: (a) the state of the arts remain the same, (b) the preference for acquiring and consuming food is without end, and (c) both of these remain constant long enough for sources of income to arrive at an equilibrium with production and a net savings approaching zero.

Introduction
The historic state of Franklin is referred to as the “Lost State.” The state was legally constituted in 1785, and after a short existence, expired in 1788. Later its territory was engulfed by the newly formed state of Tennessee and North Carolina, but its name continued to exist as one of South’s most enchanting legends. However, investigation shows that the state was in reality more economic than political and continued to live this sense. This paper presents its geographic foundation and the boundaries within which the economic system of Franklin was founded. In order to do this, the state is placed in an appropriate historic setting.

In the course of probing the depths of Franklin’s history, elements unique to the area were identified that in all probability provided only a glimpse of the thought. Among all the natural wealth with which modern America was endowed, East Tennessee was one of its brightest jewels. The Holston River Valley provided the geographic core for the emerging state. Elements of the physical environment afforded ample opportunity for agriculture, and an abundant water supply for power and transport. There were also sizable deposits of iron along with an abundant area of hardwoods for making charcoal. The basic ingredients for a strong economic structure were present.

Technical
The statistical measurements suitable for this paper have been compiled by the Federal Statistical Service, U.S.A. Although he was exploring the human resources and industrial development of a state that had been prepared in raker order, eliminating the need for reprinting the work. He relied primarily upon the United States Census, supplemented when possible from other statistical compilations which contained relevant socio-economic data on the counties concerned. The methodology of Professor Nichols consisted largely of a perusal of the region’s early mining and timbering, the ranks of the data rather than the data themselves. The twentieth rank—considerably increased after the Comprehensive Applied to the entire sample (area) of about 15 modern counties, in each, correlating their ranks in industrial development. Correlations based on ranks did not apply the reliability of the data in more than that a relative sense which was adequate for this study. Thus, by the employment of his tables one would sense the present in areas of today’s more advanced counties in upper East Tennessee from their earliest times and also to observe the variations at different stages in their growth with their neighboring ones.

The expression of correlation with reference to the various changes among the counties within this area are based on the most stable element of all those considered. This was represented by the mean growth terms of the least advancing counties which were used as the control element.

The State Idea
Most modern states originated from communities based on traditional agriculture. From these single sector agricultural societies arose the modern multi-sector industrial states. Economic geographers generally accept the fact that the change evolved through a well ordered process and that the transformation is usually a logical and predictable one. Beyond this, the literature is vague especially on the details of the transition. It appears logical that the result of many and varied causes which were the imprint of its past, particularly of those forces that forged new political and economic forms from traditional societies. The key to understanding and interpretation of the modern industrial state and its associated political complex is not found so much in the parent matching of the natural evolution process begins in the initial transformation with a society on an agricultural basis, relatively static and traditional, and ends in a two sector economy, precisely balanced on a dual foundation. If the reliably adjusted equilibrium between the two vectors can be maintained, the industrial state exists, and traditional agriculture has been transformed.

Many questions are concerned with the origin of the evolution of the modern state. This problem, in turn, may be said to consist of its land area, its laws, and its people. The land is durable while the people and the law are less so because generations come and go. It is of first importance to consider the more permanent part as the geographic foundation for any political system. The effectiveness of the political system may be judged by the degree of equilibrium achieved in its man-land interaction and to the degree the mobilization of its resources roughly match out-look. This match is in general the natural processes for most nation-states evolve and is the valid basin for their political existence.

Probably the most intriguing question pertains to those states that evolved through natural processes and possess the ability to continue to exist though their political systems have long since been withdrawn. For others, while having the force of valid and acceptable sovereignty, are lacking in proper foundations of national power and international respect. Such states are artificial creations. Two answers appear extremely favorable to the naturally evolved states and states which are valid based on which state power is measured. First, is the character of the regional setting. No elaboration is needed as the geographic foundations of national power is as fundamental as this one.

The region should be an area of distinct personality, possessing the centripetal force inherent in a socially cohesive population that inhabits it. The people should have the social structure, competence, and skills suitable for utilizing the naturally occurring resources available to them along with the will to do so. In this context, political power is basically geographical.

Second, economic integrity, if viewed in the long run, the creation and transformation of traditional agriculture is an insular view that is always evolving and the natural process of their growth is rather slow. It seems likely that the natural state inherently possesses the traits that were mentioned above and that they form a continuity, in one form or another, throughout a long span of time.

Thus far, it follows that the validity of the concept of a modern state is explained by the transmigration of the old to the new society. The unstable personality of most modern states, and the lack of success so obviously displayed in trying to control their economic activities, leads to the study of economic growth.

Agriculture is a prime factor in the development of industry. In trying to determine the relationship between agriculture and industry, in the second stage of development of the two sector economy, there must be greater understanding of the transformation.

“Economic development is easily understood as improvement of people and their organization for economic life, transformation of an economy from one system to another, and as aggregation of small systems into larger ones.”

In 1958, Professor Albert Hirschman of Yale University proposed a new theory of growth economics—the “people-theory of growth.” This provided the basis for an intensive controversy. This idea was not new, it was deeply rooted in economic thought of earlier writers, but it was Hirschman who presented it as an organized theory of economic growth. Many opposed the theory on the grounds that day development economics seems to have developed from the concept of “planning” and “balanced growth” evolved within the last forty years. This theory well established that few better to see the matter of the transitional mechanics in any other light. Implicit in the theory of “balanced growth” are the problems involved in the transitional period. However, these implied answers have become somewhat distorted and even fallacious, if at least are fallaciously presented. A more suitable explanation of that which actually transpired in the change may actually lie elsewhere—within the concept of “unbalanced growth.”

The primary purpose of this paper is to ponder this theory. This paper is written within a somewhat limited manner; and to determine some measure of its validity. To study a new and developing concept it is useful, but it is not clear whether the concept is as valid as it is possible to so do. Hence, a suitable area has been selected whose economic structure has existed over a sufficient long time to allow a traditional agriculture to originate and to evolve into a modern industrial state. For this period, it possesses an unusually high degree of isolation from other economic and political units. The area is the historic, now politically defined Franklin. As the article is concerned with the process, the process itself has gone, is the process, the area will still continue, economically within the regional geographical framework. Social consciousness of the things that had happened continues to exist.

Such an unusual phenomenon exists on most land masses and possessing the benefit of legal or political continuity, continue to exist as geographical expressions of the minds of people inhabiting them: the Confederacy, the “Home Counties” of England and many others. The historic state of Franklin, now roughly “inhabited,” the unstable personality of economic, social, and regional significance, is such an area.

Background
The state of Franklin was conceived and launched toward the end of the 18th century and in the early 19th century, and had extensive hopes for existence laid in its isolation, both in geography and in its cultural character. Even with its reasonably humble origin, the state could have been seamed as it was endowed with an abundant natural resource base, more than adequate for the needs of its time. In reality, most of its resources were developed; but even so, it expired as a political entity after an existence of only two years. The failure of its political demise will not be pursued here as the concern of this endeavor is the economics of Franklin. Having stated that had, however, one structural flaw, which resulted in its political extinction. But its economic structure
remained, as it did not experience a dissolution of its integral parts, they generally continued to function, and did within the region of the former state.

States normally evolve through a well-ordered process that usually includes the development of boundaries and a core area as a pivot of its natural activities. There are exceptions, but this is the normal historical pattern. As a state, Franklin evolved in such a manner and possessed such characteristics (see Figure 1). Its physical foundation and limits were set in place: the high and sharp Clinch Mountain ridge formed its northeastern boundary with the southeastern-trending Unaka Mountains performing a similar function on the opposite side. Sandwiched between these two ranges, it constituted a valley corridor of considerable size extending southwardwest from the established Virginia state line. To the southwest, a definite boundary apparently did not exist, but settlements as far west as Morristown considered themselves within its effectively controlled territory. The Treaty of 1777 with the Cherokee fixed the line which runs North Carolina at approximately 20 miles south of Jonesborough, near Jonesboro. However, in 1783, the North Carolina General Assembly initial flow of capital from the agriculture sector to the urban industries european, within the space of forty years, a reversal and was once again returned to its original source. It can not be argued that landowners were financing their own land development and crop production from their own profits. Some developments, of course, came from this source, but certainly not enough to explain the rapid growth rate that took place during this period. This is a reasonable assumption to assume an important role of institutional capital, as this was the only other source, and at this time, the rate of return on investment in land and agriculture was relatively proportion to the observed rate of increasing capital formation at the urban centers.

Also, at this time, the industrial-agrarian interrelations became noticeable in this area. Certain counties had, through natural and human intervention, produced certain economic factors, such as new crop species, which had been tried with the resultant crop increases that the farmers in these counties were able to maintain such ventures. So, in the years leading up to 1900, farmers in these counties with their increased farm incomes were the first to invest some of these savings in enterprises other than agriculture. These counties were the first to demonstrate an "effort toward some form of industrialization. Although the farmers of these counties did not have larger farms than those of the more numerous non-industrial counties of this time, they did present a better facade: more improved acreage, a higher percentage of improved land devoted to wheat; the major cash crop. There evolved, in the more industrialized counties, a great inter-county difference in the pre-1900s, relative to the less richly endowed counties, in capital formation in agriculture. It was this capital that provided the foundation for the first industrial enterprises on the part of the local people, and having the momentum of an early start, these early investments provided the basis for the industrial centers of today in upper East Tennessee (see Figure 2).
THE MYTH INVOLVED

Before the turn of the century, the agricultural activities had reached a state of equilibrium that could be classified as traditional: the critical conditions existed but the state of equilibrium had not yet been reached. A higher order. Motives for acquiring and holding new or additional income streams were not in evidence, and there was a lack of investment in education. By this view, the stock of material factors of production and labor forces were the principal variables. In any event the infant industry so full of promise in the county seat locations did not enjoy the large outlays of capital that could have been supplied from agricultural savings. So, from both sectors, the structure was traditional.

With respect to individual motivation, mentioned before, it can be pointed out that initial initiative was lacking, there existed a strong prejudice for slowness, that they valued idle time too highly, and that they lacked the economic values of our Christian principles, i.e., the Protestant ethic. These, however, should not be treated as cultural traits but in reality, as economic variables. They result, one must conclude, not from an inherent state of mind but from the lack of initiative. Because the marginal productivity of labor was very low, savings—personal or otherwise—was not encouraged.

In many cases, education is a prerequisite to financial success, or we like to think; however, it does not mean that illiterate people are not aware of marginal costs and returns. Even though schooling may give a farmer new skills, it does not make him any less an economic being. Logically, any of the farmers in the isolated state could have taken advantage of an easier better opportunities in terms of skills or technological element in the local economy. So the utilized present-day models, in general, are showing that underdeveloped areas may come from the new industry as soon as it can provide the stimulus.

TRANSFORMATION OF THE AGRICULTURE SECTOR IN FRANKLIN

Those who are concerned with the elements of a modern state must surely be aware that the well-ordered models, which explain the dynamic functions of the market economy, lead to a different perspective of the situation at the point of economic take-off. Needless to say, the savings and investment functions cannot function without a frontier in the pre-take-off period of economic development. The productivity of capital was not a highly functioning element in the local economy. So the utilized present-day models, in general, are showing that underdeveloped areas may come from the new industry as soon as it can provide the stimulus.

The natural process

Staying in equilibrium is not a part of the natural process. The maintenance of a balanced growth can be achieved by artificially manipulating the various growth factors, or bring them out of hand or at best, eventually become stagnant, and remain so until some induced investment or other interventions are introduced. At the growth at which point the growth process becomes unbalanced, because the bottlenecks are never removed at all points along the front at the same time. Staggered growth becomes the more natural process, hence, unbalanced growth. It would appear more logical that the viable modern states would date their origin and development from the point of deficit. Resources remained removed to an extent that would create a stimulus at some point along the state's economic front sufficient to launch it from the take-off. Traditional agriculturalists would begin here to be transformed and the beginning of a staggered multi-sector economic growth would be under way.

We observed in the state of Franklin, around the turn of the century, that a continuous state of equilibrium in the 1900's was characterized when this took place. A small beginning in the investment

of local capital, and much later by outside capital, resulted in the advanced counties. Agriculture lagged relatively. Later in the 1900's, resulting from a push from the budding industrial nodes, agriculture began to catch up and may have pulled ahead; a process that on the basis of empirical observations may be said to have been underway for some time. It is speculative, but unless the trends and plans are misleading, there is in the future of this area a making of a technological revolution that will require a catching-up of the agricultural processes and techniques, which will carry significant momentum to embolden the industrialized nations in its sweep toward a temporary equilibrium of those two leading sectors. Should it " . . . over reach its goal, as it often does, then the stage is set for further advance elsewhere." In a two sector economy, with which we are concerned, the secession of advance of unbalanced growth is significant in that it " . . . leaves considerable scope to induce investment decisions and thereby economize our principal scarce resource . . . genuine decision making."

Further, the facts seem to point to a transformation of traditional agriculture in the upper Tennessee valley in two stages, the first of which has been achieved. The second, not yet accomplished, is in the process.

The origin of modern states lay in the transformation of traditional agriculture, in which the landowning farm culture, traditional in character, is the material from which these states are fashioned through being transformed into a relationship with the modern industrial structure. When established in a regional setting, these structures become meaningful and industrial nodes are formed. And the modern industrial future evolves. The character of the periphery also evolves in accordance with its necessary adjustment to the core; being, by nature, a more active element and the pivot of economic growth.

Any modern industrial state, fitted into a regional frame, and endowed with a reasonance resource base, will naturally rest on an accessible geographic foundation of national power. When the conversion of these resources are involved in the process of staggered growth, growth can be dynamic and long-lasting. Inherent in such a state would lay the valid basis for a declaration of its identity and its natural right to exist among the family of nations.