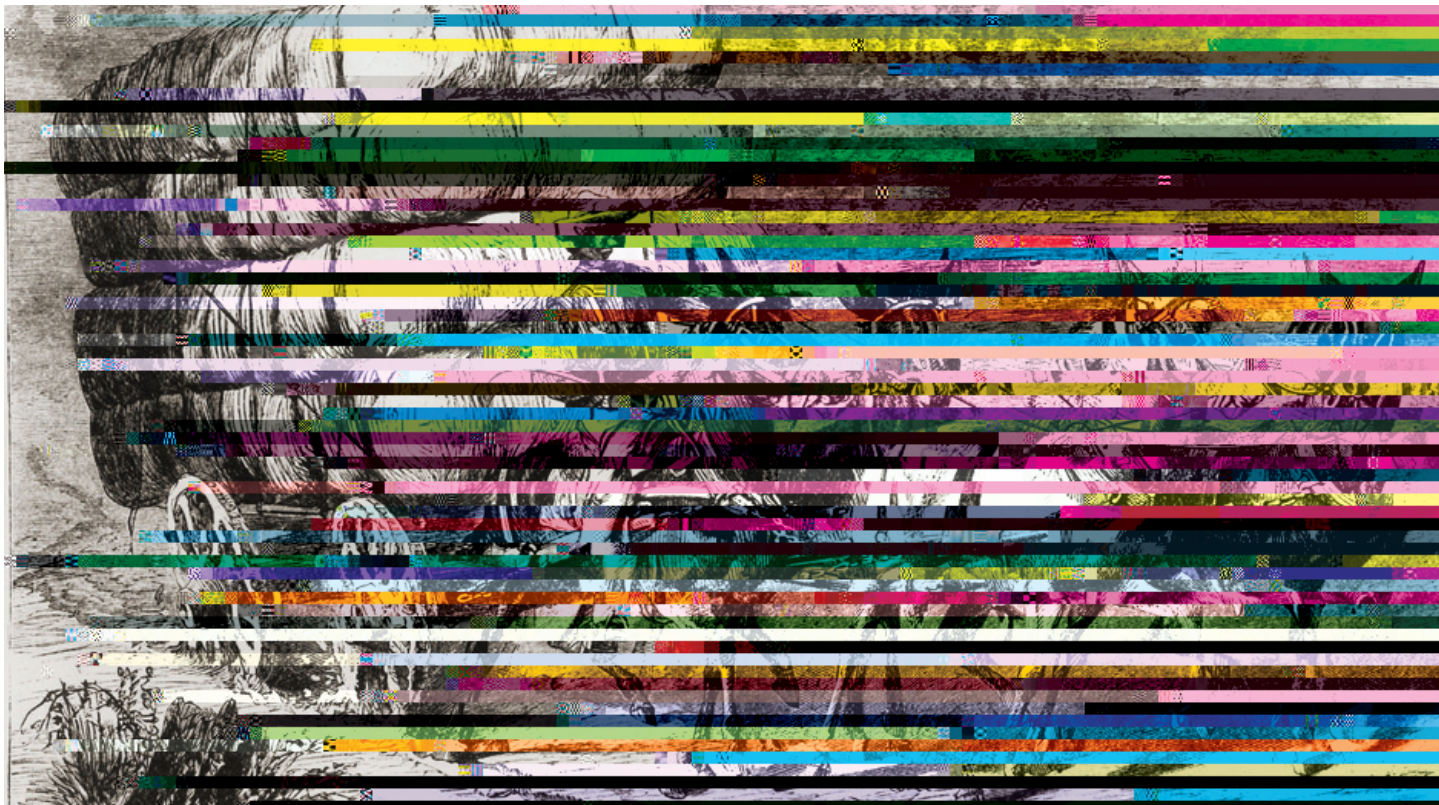


# TEXAS

O'NEIL CENTER FOR GLOBAL MARKETS AND FREEDOM ★ SMU COX SCHOOL OF BUSINESS ★ APRIL 2016

## Desperate Gamble Transforms Texas: Cotton, Slavery and the Americans



By Richard Alm and Scott Read

**T**exas leads all other states in attracting newcomers, welcoming more than 5 million migrants from 2004 to 2014. So it's somewhat ironic that the biggest early challenge was simply getting settlers to move to Texas.

It was mostly a matter of geography. The state's location in the middle of North America is a great benefit today, but it was a liability when the Spanish and Mexicans held sway over this land. **Tejas**, as the Spanish called the area, was as far as could be from the power and population centers near Mexico City, a thousand miles to the south.

The distance made trade and

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communications costly and cumbersome, and life on the frontier was harsh for the few brave souls willing to make their homes in Texas.

In the early 1800s, the vast lands between the Sabine and Rio Grande rivers were home to just 7,000 Spaniards, plus a half-dozen indigenous tribes. Hunkered down along the San Antonio River, the largest Spanish settlement in Texas agonized over immediate threats—getting enough food and fending off

trickle, then in a torrent. The enticement was cheap land and lots of it, perfect for cultivating cotton. Most Americans who migrated to Texas came from the southern states of Alabama, Mississippi and Louisiana, accelerating the rise of King Cotton as Texas' first economic engine. In addition to a cash crop, the Southerners brought their peculiar institution of

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Tejano allies. They knew Texas couldn't lure enough Americans without legal protections for slavery, then the lifeblood of the cotton industry.

In the end, Austin got what he wanted—a colonization law that didn't expressly forbid slavery. The tumult of Mexican politics brought revisions to the laws on colonization and slavery over the next few years, but Texas managed to secure exemptions and keep its slaves. By that time, Cotton was already that important to Texas economy.

With doubts about slavery quelled, the Texas land rush was on, allowing Austin to fill his family's original quota of 300 families by 1825. He received four additional grants over the next five years. Under a succession of colonization laws, other **empresarios** (land agents) followed Austin in securing land grants for their own colonies—Benjamin R. Milam, Green DeWitt, Martin De León, David G. Burnett, Sterling C. Robertson, James Power, James Hewetson, John McMullen, James McGloin and Arthur G. Wavell.

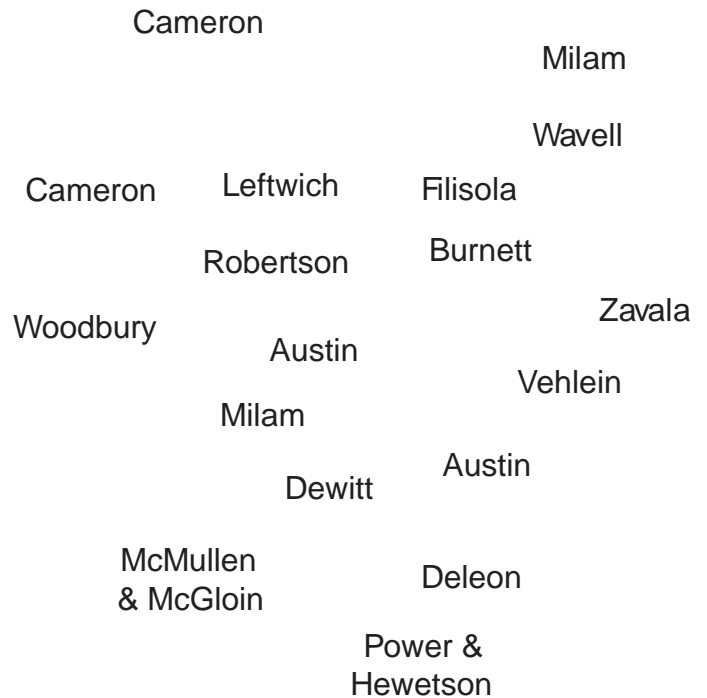
In their efforts to lure American settlers, the **empresarios** spread the word about cheap Texas land. They offered a deal that couldn't be beat. The head of a family could buy up to 4,605 acres for just 4 cents an acre, with the total of \$184 payable over six years. By contrast, the U.S. federal government sold public land for \$1.25 an acre, with a minimum of 80 acres, payable in advance. So a prospective farmer needed \$100 before getting started—a tidy sum in those days.

The **empresario** system no doubt had practical advantages, but it amounted to a 19<sup>th</sup> Century version of crony capitalism. Huge land grants enriched a handful of well-connected businessmen. It wasn't the last time Texas would try to solve economic problems by turning to the heavy hand of government.

**Texas transformed**

Mexico's desperate measure achieved its immediate goals. Wagons loaded with new settlers arrived almost daily. The state's population more than tripled to about 25,000 in the 1820s—and it just kept on rising with each passing year. As more settlers arrived, the Indian threat began to diminish, although it would take another

**THE AGE OF EMPRESASIOS: CARVING UP TEXAS AND SELLING**



half-century to pacify the Texas hinterlands.

It wasn't the just number of newcomers; it was also where they came from. By offering large tracts of cheap land, Texas transformed itself into an extension of the American South, fueling the rise of a cotton-based economy.

With cotton, slavery and the Americans, Texas took its place in the world's first true exercise in globalization. Slaves planted, weeded, picked and baled. Their owners sent bulky bales of raw cotton by wagon or barge to the new port of Galveston on the coast, where it was loaded onto ships bound for New Orleans. Brokers bought the Texas cotton and sent it on to Manchester and

other textile-manufacturing centers.

Before cotton, frontier had centered on subsistence farming. Introducing a cash crop with a global market meant developing trade routes to connect a once-isolated region to the rest of the world. It meant money flowing into the economy; the wealth gave a fortunate few the means to buy the world's luxuries and tilted political power toward the interest of the cotton producers.

By 1830, the Texas economy was on its way—but with heavy baggage. In embracing cotton, Texas made a deal with the devil on slavery. No ethical notion of markets or economic freedom can countenance a system that gives

