Texas 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 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 marauding bands of Indians.

In those early years, sparsely populated settled Texas to defend itself against the Indian threat. The need to populate its northern territories led the Mexican government to a desperate gamble—opening its lands to settlers from the United States.

So settlers finally came—first in a 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 slavery.

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slavery, unwittingly condemning a future
generation of Texans to fight on the losing
side in the American Civil War.

In just a few short years, the influx of
thousands of American migrants shifted
Texas’ demographics and culture, setting
in motion a series of events that would in
a few decades end Mexican rule and graft
Texas onto the United States. By altering
the identity and culture of Texas, the
early 19th Century’s settlers in a very real
sense laid the foundation for the state’s
economic success in the 21st century.

Ripples from far away

The Industrial Revolution set in motion
economic forces that would in time send
settlers stampeding into Texas. A series
of English inventions in last decades of the
1700s transformed the textile industry—
among them, James Hargreaves’ spinning
jenny, Richard Arkwright’s water frame,
Edmund Cartwright’s power loom. Weaving
cloth, traditionally done by hand at home,
moved to the new age’s factories, where
steam-powered machines made it cheaper
to produce cotton clothing.

Britain’s booming textile mills created
an insatiable demand for raw cotton. New
strains of cotton and Eli Whitney’s cotton
gin, a machine to separate seeds from
fiber, made the crop profitable in the U.S.
South. Seeing riches, Americans poured
over the Appalachians, grabbing the land
that would in short order become the
states of Louisiana (1812), Mississippi
(1817) and Alabama (1819). The cotton
planters brought slaves with them; and
as their acreage expanded, they bought
more slaves.

By 1820, the United States had
surpassed India as the world’s largest
cotton grower and supplied nearly
more slaves.

Planters brought slaves with them, and
other tribes were only too willing to meet
cotton to market. The Comanche and
Indian raids. Cotton farming had been
big enough to fend off the
Indians. Cotton farming had
a population big enough to fend off
the Indians. Cotton farming had
been devastating Spanish Texas for
a decade or so; now, it would be
touted as the region’s salvation.

Cheap land could attract enough

Americans to give Texas a
population big enough to fend off
the Indians. Cotton farming had
been devastating Spanish Texas for
a decade or so; now, it would be
touted as the region’s salvation.

Stephen F. Austin

Texas; geology and geography blessed
Texas with a perfect climate and soil
for growing it (see The Texas Economy,
February 2016).

Watching American settlers move
west, reaching the Texas border at the
Sabine River, Spanish-ruled Mexico saw
new threats to its sparsely populated
and weakly defended northern frontier.
The initial response was to hunker down
and try to keep the onrushing Americans
out of Texas. Mexico barred American
immigrants, although a few illegals trickled
across a porous border. Authorities
forbade trade with the United States—a
dictate smugglers routinely flouted.

One type of illicit trade proved particularly
vexing to the Tejanos. The rapid growth of
the cotton industry in the United States
created ravenous demand for horses and
mules for plowing fields and transporting
cotton to market. The Comanche and
other tribes were only too willing to meet
demand by raiding Texas settlements
and selling the ill-gotten livestock to the
Americans over the border.

Moses Austin’s big idea

Indian plundering wreaked havoc on
the Texas settlements, forcing some
Spanish residents to retreat to the
safety of the Spanish territory to the
south. The beleaguered authorities
in San Antonio decided that the only
hope for the survival of Spanish Texas
lay in new settlers who could battle the
Indians and provide resources needed
to support troops.

Texas, a frontier backwater, held
no allure for migrants from Mexico, so
some Tejanos looked across the eastern
border to the American South. The global
cotton boom had made land there
prohibitively expensive. The Spanish
authorities believed cheap land could
attract enough Americans to give Texas
a population big enough to fend off the
Indian raids. Cotton farming had been
devastating Spanish Texas for a decade
or so; now, it would be touted as the
region’s salvation.

Among those who saw a future for
American cotton growers in Texas was
Moses Austin, a former Missouri lead
miner facing a mountain of debt. In 1820,
the 56-year-old Austin crossed into Texas,
bound for San Antonio to pitch Spanish
authorities on a grandiose scheme for a
colonial settlement of 300 American families in Texas.
For his trouble, he’d get title to land and
sell it at a handsome profit.

American settlers differed from Tejanos
in language, religion and customs. Their
loyalty was questionable, and their
prosperity rested on slavery, then
illegal in Mexico. Opening the border to
these Americans made sense only as
a last resort to stave off the collapse
of Spanish Texas. Desperate times call
for desperate measures—so authorities
approved the deal, which made no
mention of slavery.

On the way back home, a traveling
companion robbed and abandoned
Austin along the Trinity River. The
unfortunate Austin walked more than a
hundred miles to Louisiana in the dead
of winter, arriving weak and sick. He died
in June 1821, and Spanish authorities
agreed to transfer the colonization grant
to his son, Stephen F. Austin.

As the younger Austin started settling
families along the Brazos and Colorado
rivers, long-simmering grievances
sparked a revolt against Spanish rule,
and Mexico won its independence in
1821. The country plunged into several
years of political turmoil, leaving Austin’s
land grant and the policy of opening
Texas to American settlers in limbo.

Austin traveled to Mexico City and
the state capital of Saltillo, relentlessly
lobbying for a new colonization law that
would allow his colony to survive. Anti-
slavery sentiment ran strong in Mexico,
threatening the plans of Austin and his
Continued on page 3
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, Martín De León, David G. Burnet, 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 19th 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 1920s—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 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
one individual the right to own another and take by force the fruits of his labor. With so much money at stake, Texans followed the lead of the American South and developed a willful blindness to the evils of slavery, which would fester in the decades leading up to the Civil War.

In the first decades of the Texas economy’s development, we already began to see themes that will recur as events move forward. In a Schumpeterian way, technology will shape Texas’ economy, starting with the Industrial Revolution’s textile innovations. What happens outside Texas will matter a lot—the new textile technologies led to the cotton boom in America’s South and the onrush of U.S. settlers into Texas.

We see the first of a series of fast-growing industries that will become Texas’ economic engines. The state wouldn’t see real diversity until the second half of the 20th Century. We will see that economic interests will often trump the principles of freedom and markets. In time, Texans would produce cotton without slavery, but it was inconceivable to the new Texans of the 1800s.

Despite the blight of slavery, the great migration to Texas did set the stage for one of the decisive events in developing the Texas model of greater economic freedom. An important milestone will be statehood in 1845—an event we’ll cover in the next issue on the state’s economic history.

**References**


**Nextissue:** The Texas Economy will identify the key sectors that have contributed the most to the state’s economic growth since 1997. The fastest-growing sector may surprise many Texans. It isn’t oil and gas.

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