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Overview of the Federal Presence in New Mexico 1900-1945

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Centennial of New Mexico's Statehood

Federal Presence and Economic Development

January 6, 1912, marks a watershed for New Mexico. The Territorial period lay in the past; the future promised a new beginning as the forty-seventh state. Today most of us find it hard to imagine what people in New Mexico, or elsewhere in the United States, thought about themselves or their government in the early twentieth century. But to understand the role that New Mexico's statehood played in national events, we must try to comprehend people's attitudes at the time. The following two sets of quotations illuminate the mindset of that era—first in New Mexico and then at the national level.

(A) L. Bradford Prince, a former territorial governor, speaking in 1902: "A Territory with bad officials is a despotism, and not a republic; it is ruled by men named by an authority 2,000 miles away, who are not responsible to any local instrument of power."

Of Prince's remarks, the eminent Yale University historian Howard R. Lamar once noted: "It was such sentiments, reminiscent of the assertions of local liberty in the thirteen colonies, that led the Arizona and New Mexico citizens to campaign for their own independence between 1900 and 1910."

(B) President Theodore Roosevelt in his annual message to Congress, December 5, 1905, on the issue of government control of business: "I do not believe in the government interfering with private business more than is necessary. I do not believe in the government undertaking any work which can with propriety be left in private hands. But neither do I believe in the government flinching from overseeing any work when it becomes evident that abuses are sure to obtain therein unless there is governmental supervision."

The distinguished historian of business and the American West, Gerald D. Nash (late of the University of New Mexico) wrote this about Roosevelt's stance: "For almost a

century after the Civil War one of the central issues of public policy was the question of the government's relation to the economy. . . . A gradual consensus on the need for business-government cooperation [eventually emerged]. . . . Many of the major themes of that growing consensus were first articulated by Theodore Roosevelt. . . . A central theme of this consensus as emphasized by [Theodore] Roosevelt was the need for government to cooperate with business and to assume the function of an arbiter in the new, highly industrialized society that was emerging in America.”

The respective views of L. Bradford Prince and President Theodore Roosevelt may seem unrelated, but they are of a single piece. Both men addressed how society was to be organized and toward what ends government should act. These were the broad questions that people thought about, and talked about, in the decades prior to and following New Mexico's statehood—and they centered on the role and presence of the federal government in economic development.

New Mexico in 1912 had two distinct economies, one very old and the other a product of the Territorial period. Pueblo Indians and rural Hispanic New Mexicans lived primarily a self-sufficient, communal life bound together in an *acequia* culture. That is, these people shared water to irrigate land and grow crops for one's family and community. Access to both resources—rivers and streams and, especially for Hispanics, communal lands—diminished during the Territorial period and caused much hardship. But the greatest disruption to traditional economic patterns occurred among Mescalero Apache (central New Mexico), Jicarilla Apache (north central New Mexico), and Navajo (northwestern New Mexico). After the Civil War, the federal government's reservation system reduced Indian sovereignty, and tribes lost land and control over education and health care.

Settlers and residents embraced the federal presence during the Territorial period to gain access to capital and subsidies. Recently arrived New Mexicans jockeyed to secure lucrative military contracts from 1848 into the 1880s. Such agreements to supply forts with cattle, crops, and horses resulted in government spending being 10 percent of all money circulating in New Mexico as early as the 1850s. But within three decades most military forts closed, and this key source of capital disappeared, yet new commercial opportunities opened with the arrival of the railroad in 1880.

The government granted railroads enormous tracts of public lands throughout the West. These were to be sold to create a class of small farmers who would grow a variety of crops, which railroads would ship to eager buyers. The railroads expanded rapidly in New Mexico, constructing over 1,250 miles of track by 1885; however, the hoped for growth of small farmers never happened. Eastern or foreign investors financed purchase of numerous large tracts—transactions necessary, in their view, to sustain commercial agriculture on a viable scale. These same interests, allied with local supporters, created plans for ambitious irrigation projects—to be funded in large part by the federal government. Outside money also dominated coal mining (northern and western New Mexico) and copper extraction (southwestern New Mexico), the largest “industries” in the new state.

A true divide existed in how New Mexico’s economy functioned in 1912. One part, by far the smaller, held on to centuries-old patterns of small-scale farming and ranching and needed little capital since it eschewed new technology or distant markets. But along side and dominating this traditional economic order grew a commercial one. In its own peculiar way, though, this model also represented a very old and even pernicious pattern of development—or more accurately, underdevelopment. Within the national economy, New Mexico—and the West in general—supplied cheap food and raw mineral resources.

Railroads carried the state's commodities elsewhere, and outside investors kept the money earned. Many scholars see a colonial "dependency" in this exodus of capital. That is, New Mexico shipped out its crops, raw resources, and profits; in exchange it got little more than the hourly wages paid its workers. In this view, eastern companies and financiers kept New Mexico under their thumb and stymied diversification of the state's economy.

This starkly unsettling view, however, omits the regulatory, or oversight, role of the federal government in shaping the state's economy. Beginning in 1850, the federal government exercised control over New Mexico through political appointments, laws, and administrative rulings. With statehood, both the number and influence of political appointees diminished markedly, but because over 40 percent of the state's land belonged to the government, a federal regulatory presence remained and grew in importance.

The government's traditional roles in economic development—capital accumulation and subsidies—provided much more benefit to the public after statehood. Roads, parks, flood control, public assistance programs, farm and business loans, school and university funding—these and many more programs in New Mexico (and throughout the nation) received federal funding. Accompanying the money came some oversight and regulation, so after 1912 New Mexicans did encounter more federal laws and rules in their daily work lives.

During the period 1900-1930, the federal presence in New Mexico shifted in scope and purpose. It moved from a bias toward private and corporate interests to oversight promoting the well-being of the state's residents. The federal presence embodied President Theodore Roosevelt's call for government to be an arbiter of the emerging economic order. But in New Mexico the partners were the states' leaders and citizens far more than its business interests. Over time, fiscal support proved one of the most important links between government and its constituents.

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