



The Texas Model Works

by Bill Peacock, Vice President of Research and Planning and Director, Center for Economic Freedom

“So what you need to know is that the Texas miracle is a myth, and more broadly that Texan experience offers no useful lessons on how to restore national full employment.”

–Paul Krugman, The New York Times, August 14, 2011

The state of Texas is under intense scrutiny right now in the national media. Many commentators want to dismiss the amazing record of job growth that Texas has over the last decade or so. However, our research has found that the Texas model, i.e., low taxes and spending, a predictable, low level of regulation, and a sound civil justice system—with minimal federal interference—is what has put Texas at the top of the economic heap and led to the phenomenal job growth Texas has experienced.

The Foundation will be releasing a series of briefs laying out the facts of Texas’ success and responding to critics of the Texas model. This first brief provides some basic numbers to help frame the debate:

Year	Texas Employment	Change	U.S. Employment w/o Texas	Change
2001	9,423,300		121,009,700	
2008	10,439,700	1,016,400	125,400,300	4,390,600
2011	10,623,600	1,200,300	120,296,400	-713,300

Source: Bureau of Labor Statistics, U.S. Department of Labor

Even before the recession began, Texas was an economic powerhouse. Though it has only 8.1 percent of the U.S population, Texas provided 18.7 percent of U.S. employment growth from 2001 to 2008.

But it is since the “Great Recession” began in December 2007 that the strength of the Texas economy has been most clearly visible. While the rest of the U.S. shed over five million jobs, Texas managed to add almost 200,000.

Looking back over the entire decade since 2001, the U.S. without Texas lost 713,000 while Texas added 1.2 million. In other words, the U.S. would have fewer jobs today than in 2001 if it was not for Texas.

As will be shown in subsequent papers, critics of Texas will attempt to explain why these 1.2 million jobs shouldn’t count. But there is no way to explain away the fact that Texas is keeping the U.S. employed and that U.S. employment would be down almost three quarter of a million jobs in the last decade if it weren’t for Texas. ☆

